

KING**SHER**

Pension Scheme & Retirement Trust

Trustees' Report & Accounts 2001

PENSION SCHEME

RETIREMENT TRUST

INTRODUCTION

Employees of UK companies within the Kingfisher Group may join either the Pension Scheme or the Retirement Trust, subject to certain eligibility conditions.

The Pension Scheme is a ‘final salary scheme’ and provides benefits based on a member’s salary and service.

The Retirement Trust is a ‘money purchase scheme’ and provides benefits based on what a member’s accumulated fund value will purchase at retirement.

This Report gives information about both the Scheme and the Trust and their management during the last year.

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THE NEED FOR A PENSION



A recent survey showed that whilst young people recognised the need for pensions, few are taking action. Up to 90% thought they needed to start a pension, but only 10% had actually done so. The assumption is often made that this is because retirement is so very far off. However, in a climate where the idea of a 'job for life' is fast receding and with more people looking to take early retirement, there is a much greater consciousness of the need for a pension. It may be that people are concerned, but put it off because they cannot be sure they are getting the right or independent advice. Last year, I mentioned that, as part of our drive to make pensions understandable and accessible to all employees, the Group Reward and Benefits Department (formerly Group Benefits) has been working on the launch of its website. This went live in January and I am pleased to report that the feedback from members has been very positive.

In September 2000, Kingfisher announced its intention to separate the UK-based General Merchandise (Entertainment UK, MVC Entertainment, Superdrug, VCI, Streets Online and Woolworths) from its internationally-focused Home Improvement and Electrical businesses. The assets of both the Kingfisher Pension Scheme and Kingfisher Retirement Trust are held in a trust that is completely separate from those of the Group. Existing employee pension rights are fully protected by pension law and the trust status of both schemes, so any benefits earned in either scheme up to the date of demerger are unaffected. The post-demerger arrangements have now been made: broadly, members working for a demerged company will automatically join a 'mirror-image' scheme, with exactly the same contribution levels and benefits. A 'Benefits Briefing' has already been issued to staff, and further bulletins will be published during the year.

I reported last year that the Trustees had reviewed the investment arrangements of the Trust and decided to use a new version of Eagle Star's With-Profits Fund in order to take advantage of potentially better investment returns and a simplified charging structure. The Trustees then turned their attention to the unit-linked funds and the range has now been considerably extended. Additionally, in order to help members make the best investment choice for them, the funds have been categorised by the risk factor involved, e.g. 'no risk', 'lower risk'; 'medium risk' etc.

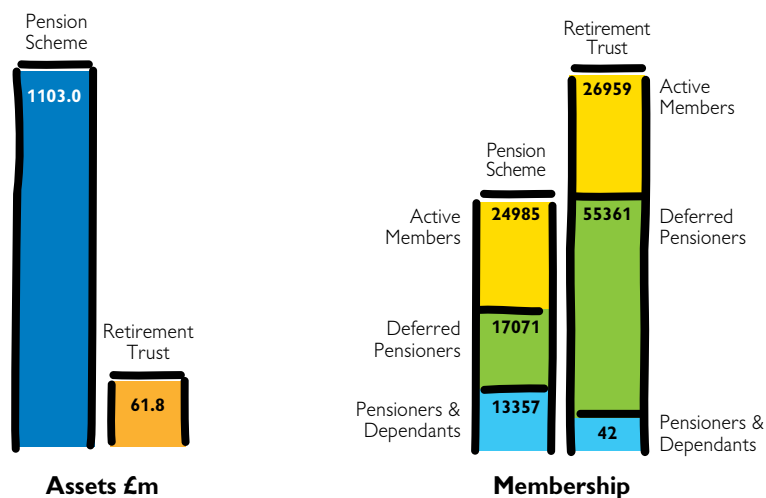
One of the requirements of the 1995 Pensions Act is that the trustees of occupational schemes must now make clear in their Statement of Investment Policy (SIP) whether or not they operate an ethical (i.e. socially responsible) investment policy. During the year, the Board has been consulting with the investment managers and Kingfisher on this matter and this statement has now been included in the SIP – full details can be found in the Investment Report.

The news for pensioners continues to be reassuring – for the tenth year running, pensions have been increased in line with inflation.

Our Pensions Manager and Secretary to the Trustee Board, Vincent Gordon, resigned after 11 years with us, and we will all miss Vincent’s innovative and enthusiastic approach. I wish Vincent every success in his new job and for the future, and welcome his successor, Colin Hatley.



Roger Jones



SCHEME AND TRUST STATISTICS SUMMARY



ROGER JONES
Company: Kingfisher
Committees: ● (Chairman)
Based: London
Appointed: 9 February 1987



HELEN CHANDLER
Company: B&Q
Committees: ☞ ●
Based: Loughborough
Appointed: 4 March 1988



IAN EDWARDS
Company: Kingfisher
Committees: ☞ ▲
Based: Croydon
Appointed: 30 March 1992

THE TRUSTEE BOARD

The Scheme and the Trust are managed by Kingfisher Pension Trustee Limited, a company established specially to act as Trustee. As the Trustee is a company, there have to be directors; the directors of this trustee company form the Trustee Board and are colloquially termed 'trustees'.

Trustees are drawn from all levels within the Kingfisher Group, including Val Struthers who is a pensioner. In addition, two of the Trustees, John Martin and Charles Woodward, are not employed within the Group and are chosen for their complete independence as well as their knowledge and experience of pension matters.

Before taking up their appointment, new Trustee Board directors receive both external and internal training.

The Trustee Board monitors and oversees both the Scheme and the Trust through committees, which focus on specific aspects of day-to-day operations. The four Committees (Accounts and Audit, Benefits, Investment and Sealing) report separately to the Trustee Board. The role of each Committee is briefly explained opposite.

CHANGES TO THE TRUSTEE BOARD

There is no set term of appointment to the Trustee Board, but appointments are reviewable after four years, or earlier if there is a change in a director's employment or personal circumstances. The power to appoint and remove Trustees rests with Kingfisher plc.

Changes to the Trustee Board during the last year have been:

Colin Hatley was appointed Secretary to the Trustee Board on 28 February 2001.



TONY STANWORTH
Company: Kingfisher
Committees: ▲ (Chairman) ★
Based: London
Appointed: 30 March 1992



DAWN STEWARD
Company: Woolworths
Committees: ▲
Based: Wallington
Appointed: 1 December 1993



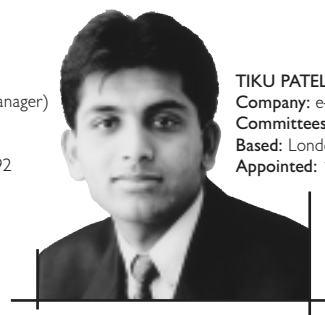
VAL STRUTHERS
Company: Pensioner
Committees: ▲
Based: Southampton
Appointed: 13 March 1997



TERRY HARTWELL
Company: B&Q
Committees: ▲
Based: Chandlers Ford
Appointed: 6 November 1998



JOHN MARTIN
Company: Independent
(former BP Investment Manager)
Committees: ▲
Based: Bushey
Appointed: 30 March 1992



TIKU PATEL
Company: e-Kingfisher
Committees: ☿
Based: London
Appointed: 13 May 1997

ACCOUNTS AND AUDIT COMMITTEE (☿)

Membership: Charles Woodward (Chairman); Helen Chandler; Ian Edwards; Tiku Patel; Brian Venters and Liz Wright.

The role of the Committee is to:

- approve the Accounts of the Scheme and Trust and the Report to members;
- arrange and approve the process of auditing the Accounts;
- monitor and ensure adequate controls and record keeping; and
- approve budgets and monitor the expenses of running the Scheme and Trust.

BENEFITS COMMITTEE (●)

Membership: Roger Jones (Chairman); Helen Chandler; Brian Venters and Graham Middleton (non-Trustee).

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 early retirement pensions (for Kingfisher Pension Scheme members).

INVESTMENT COMMITTEE (▲)

Membership: Tony Stanworth (Chairman); Ian Edwards; Terry Hartwell; John Martin; Dawn Steward and Val Struthers.

The Trustee Board agrees the Statements of Investment Principles of the Pension Scheme and Retirement Trust. Day-to-day investment management is undertaken by external managers. The role of the Committee is to:

- make recommendations to the Trustee Board on strategy issues;
- monitor and review the managers; and
- decide on manager appointments and terminations.

SEALING COMMITTEE (★)

Membership: Tony Stanworth and Roger Jones.

The role of the Committee is to authorise the affixing of the company seal to relevant documents.



BRIAN VENTERS
Company: Comet
Committees: ☿ ●
Based: Rickmansworth
Appointed: 9 February 1987



CHARLES WOODWARD
Company: Independent
(former Chief Executive of BA Pensions)
Committees: ☿ (Chairman)
Based: Dorset
Appointed: 30 May 1992



LIZ WRIGHT
Company: Superdrug
Committees: ☿
Based: Croydon
Appointed: 13 May 1997



GRAHAM MIDDLETON
Director of Group
Reward and Benefits



COLIN HATELY
Pensions Manager

ADMINISTRATION

The Trustee Board delegates day-to-day administration of the Pension Scheme and the Retirement Trust to the Group Reward and Benefits Department of Kingfisher plc in accordance with formal agreements governing the services to be provided. The Trust and the Scheme meet all their administrative costs.

Vincent Gordon, the Pensions Manager, resigned in March after 11 years with the Company. Vincent joined us as Deputy Pensions Manager and succeeded Chris Harper after his retirement in 1997, since which time he has also served as Secretary to the Trustee Board. During his time with us, Vincent's enthusiasm and innovation introduced many changes to the Department, particularly the areas of investment and communication. Vincent's particular interest in investment and his close monitoring of the Scheme's investment strategy proved extremely fruitful, and under his care the Fund exceeded the £1 billion mark. Our website, which was launched early this year, was the product of Vincent's forward-thinking on communications policy and is proving a great success. The 'look' of this report and the standard of our other publications owe much to Vincent's thinking on the best way to communicate to our members.

Colin Hately, who has been Pensions Administration Manager since 1998, has now been appointed Pensions Manager and Secretary to the Trustee Board.

PARTICIPATING COMPANIES

COMPANY	DATE OF PARTICIPATION IN PENSION SCHEME	DATE OF PARTICIPATION IN RETIREMENT TRUST
André Deutsch Ltd*	1 March 1999	1 March 1999
B&Q plc	1 February 1988	6 April 1988
B&Q (Retail) Jersey Ltd	1 February 1988	6 April 1988
Chartwell Land plc	1 February 1987	6 April 1988
Cinema Club Partnership	1 March 1999	1 March 1999
Comet Group PLC	1 February 1987	6 April 1988
DISC Distribution Ltd	1 March 1999	1 March 1999
Entertainment UK Ltd	1 April 1988	1 April 1992
Kingfisher plc	1 February 1987	6 April 1988
MVC Entertainment Ltd	1 April 1988	1 April 1994
Music Collection International Ltd	1 March 1999	1 March 1999
Screwfix Direct Ltd	1 August 2000	1 August 2000
Superdrug Stores PLC	6 April 1988	6 April 1988
Thornes Supplies Ltd	1 February 1988	6 April 1988
Time Retail Finance Ltd	1 January 1992	1 January 1992
VCI UK Ltd**	1 March 1999	1 March 1999
Video Collection International Ltd	1 March 1999	1 March 1999
Woolworths plc	1 February 1987	1 April 1991

* André Deutsch Ltd ceased to be a participating company on 29 September 2000.

** VCI UK Ltd changed its name on 29 December 1999 and is now incorporated under the name of Disc Distribution Limited.

MEMBER INFORMATION

Membership of the Scheme and the Trust 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 annually give individual members information on the benefits they may receive.
- *Start*, a magazine explaining in an informal way the options open to employees.
- *The Pension Scheme Members' Guide*, the explanatory booklet for the Kingfisher Pension Scheme.
- *The Retirement Trust Members' Guide*, the explanatory booklet for the Kingfisher Retirement Trust.
- The 24 hour Information Line (020 7725 5725) which gives recorded information on, amongst other things, what happens when a member leaves or retires.
- *The KPS AVC Guide*, a booklet for members of the Pension Scheme giving full details of the Kingfisher AVC Scheme.
- *Penfriend*, a magazine of news and interests specially for pensioners.

All of these publications are online at our website www.kgbd.co.uk; alternatively, you can contact the person shown for your company on pages 58 to 59.

THE PENSION SCHEME REGISTRY

The Pension Schemes Registry holds details of pension schemes to assist individuals in tracing past pension benefits. Information on the Pension Scheme and the Retirement Trust has been given to the Registrar. The registration number of the Scheme is 100797763. The registration number of the Trust is 10076602X.

OPRA, The Pension Schemes Registry, PO Box 1NN, Newcastle-upon-Tyne, NE99 1NN.

Telephone: 0191 225 6316

THE OCCUPATIONAL PENSIONS REGULATORY AUTHORITY (OPRA)

OPRA's main function is to supervise trustees and scheme administration, and it is able to intervene in the running of a pension scheme where trustees, employers or professional advisers have failed in their duties.

OPRA, Invicta House, Trafalgar Place, Brighton, East Sussex, EN1 4DW

Telephone: 01273 627600

COMPLAINTS PROCEDURE

If you have a complaint against the Scheme or the Trust, it should firstly be referred, in writing, to the Pensions Manager at Kingfisher. This will then go through the Internal Dispute Resolution Procedure, as follows.

- 1. The complaint has to be made in the prescribed format (a form is available from the Group Reward and Benefits Department) and any complaint should be submitted to the Pensions Manager, who will respond within ten working days. Where it is not possible to meet this deadline, an interim reply will be sent explaining the reason for the delay and giving an idea of when a reply may be expected.**

The reply will include:

- A statement of the decision referring to any part of the Rules or legislation which has formed the basis of the decision.
- If discretion has been exercised, the Rules which allow this.
- The complainant's right to ask the Trustee Board to reconsider the dispute within a specified time period, this being six months.
- Information about the availability of the services provided by OPAS and the Ombudsman and the addresses at which they may be contacted should the complainant feel that the matter is still unresolved. They will also be advised that complaints must be referred to the Ombudsman within three years of the complaint arising.

- 2. If the complainant considers the matter still unresolved, they may ask for a review by one of the Independent Trustee Directors who will consult with any two other Trustee Directors of his choosing who have not been involved (e.g. via the Benefits Committee in the exercise of a discretion) to decide the merit of the complaint and the action to be taken.**

The information given for this review will set out the grounds on which the complaint has been made and will include:

- The information on the first stage application.
- A copy of the first stage decision.
- A statement that the complainant wishes the dispute to be reconsidered.
- The reasons why the complainant is unhappy with the first stage decision.

3. The Trustee Board has two months to arrive at a decision and to reply to the complainant or their representative. Where it is impossible to meet this deadline, an interim reply will be sent explaining the reason for the delay and giving an idea of when a reply may be expected.

The reply will include:

- A statement of the decision and an explanation as to whether the Trustee Board's decision confirms or replaces the first stage (and if so, to what extent).
- If discretion has been exercised, the Rules which allow this.
- Information about the availability of the services provided by OPAS and the Ombudsman and the addresses at which they may be contacted should the complainant feel that the matter is still unresolved. They will also be advised that complaints must be referred to the Ombudsman within three years of the complaint arising.

At any point during the Internal Dispute Resolution Procedure, you may want to contact OPAS. This organisation can help members and beneficiaries with difficulties they have not been able to resolve with their scheme trustees.

OPAS Ltd, 11 Belgrave Road, London, SW1V 1RB
Telephone: 020 7233 8080

Finally, if the problem remains unresolved, you may want to contact the Pensions Ombudsman. He can investigate and determine complaints or disputes of fact or law, referred to him in accordance with the Pensions Schemes Act 1993.

The decision of the Pensions Ombudsman is binding on both the member and their pension scheme.

The Pensions Ombudsman, First Floor, 11 Belgrave Road, London, SW1V 1RB
Telephone: 020 7834 9144

KINGFISHER

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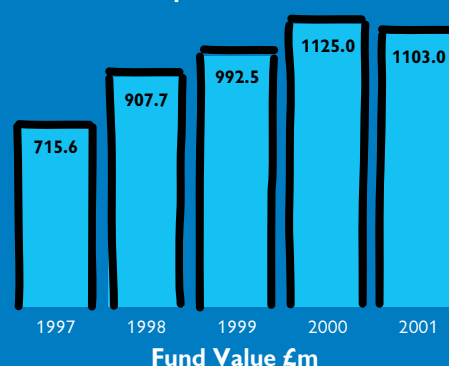
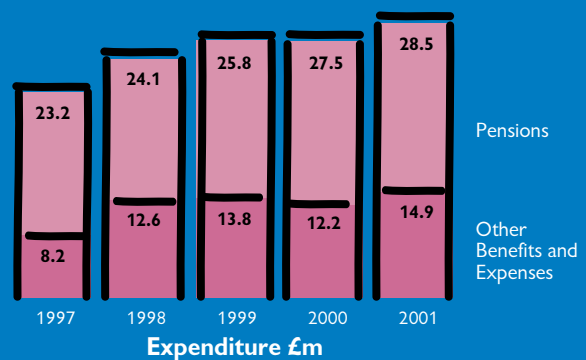
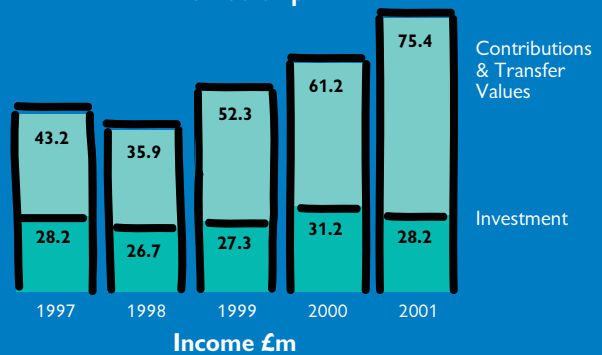
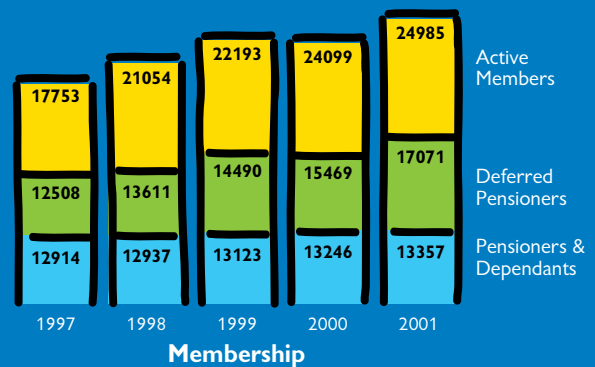
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FIVE YEAR SUMMARY



PENSION SCHEME

The Scheme provides benefits, related to salary and length of service, by means of a trust which is independent of participating companies' financial affairs.

The Scheme:

- is open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;
- is governed by the Definitive Trust Deed and Rules and approved by the Inland Revenue under the Income and Corporation Taxes Act 1988;
- is contracted-out of the State Earnings-Related Pension Scheme (SERPS).

This Report should be read in conjunction with the information set out on pages 2 to 9.

SUMMARY OF BENEFITS PROVIDED BY THE SCHEME

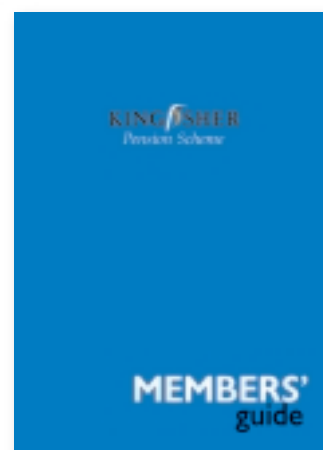
This is only a brief outline of the Scheme. Further details can be found in the 'Kingfisher Pension Scheme Members' Guide', available online at our website www.kgbd.co.uk, from personnel departments or from the person named for your company on pages 58 to 59. The legal position is governed by the Trust Deed and Rules, copies of which are available to members. Legal reliance should only be placed on this formal document.

➔ RETIREMENT

From age 50 onwards, a pension based on 1/60th of salary for each year of Scheme service to the date of actual retirement, with a percentage reduction for each year of early payment before age 60. Under current legislation, part of the pension may be exchanged for a tax-free lump sum. Pensions in payment before State Pension Age increase annually by the increase in the Retail Price Index up to a maximum of 5%.

From State Pension Age, part of this increase will be paid by the State, with the remainder paid by the Scheme. The pensions of members who joined the Scheme before 6 April 1997 will include the Guaranteed Minimum Pension (GMP), which is roughly equivalent to what a member would have received from SERPS had they not been a member of the Scheme. Increases to the GMP are paid by the State (see page 18 for information about changes to GMP).

From time-to-time, special pension increases have been awarded (in 1986, 1990 and 1999).



ILL-HEALTH

Subject to medical evidence, a pension may be payable (irrespective of age), based on actual Scheme membership, with no reduction for early payment.

If earning capacity is seriously impaired, then the pension may be based on a maximum of full potential Scheme membership to age 60.

Active members who take ill-health early retirement remain covered by the lump sum death benefit of four times their annual Salary (at the date of retirement) until they reach age 60.

DEATH

While in employment, a lump sum of four times salary is payable, plus a refund of the member's contributions together with interest related to the Retail Price Index (up to a limit of 5% per annum).

A dependant's pension and children's allowances may be payable on death either before or after retirement.

LEAVING

A pension deferred until retirement, with the option of a refund of member contributions for those with less than two years' qualifying service.

The value of Scheme benefits is fully transferable to a suitable scheme of a new employer or personal arrangement.

Deferred pensions continue to receive increases before retirement. The GMP part increases at 6.25% per annum. The excess increases annually by the increase in the Retail Price Index, up to a maximum of 5%.

COST

Members' contributions are 5% of Salary, but this usually translates into a reduction in take-home pay of less than 3% as a result of the Scheme being contracted-out of SERPS and most members paying lower National Insurance contributions; and members receiving tax relief on their contributions.

Participating companies meet the balance of the cost to ensure that the Scheme is able to meet its estimated future commitments, which can be very long-term, spanning fifty or more years. This is assessed by the Actuary, taking into account the expected future experience of the Scheme as well as the Scheme's current financial position. The normal long-term rate has been assessed as 12.6% of total members' salaries. However, because of the current financial strength of the Scheme, a lower rate (10% of pensionable salaries) is currently being paid, details of which are set out in the Actuarial Statement on page 30 (additional contributions are payable by B&Q, equal to 0.5% of B&Q pensionable salaries). This is subject to review at the next Valuation, due as at 31 March 2001.

From April 2001, the limit on earnings that can count for pensions purposes (the Pensions Cap) in respect of members who joined after May 1989 increased from £91,800 to £95,400.

STATE PENSION

Members retain their entitlement to the Basic (Old Age) State Pension.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

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 are invested separately from the other Scheme assets to ensure there are individual funds for each member which are clearly identifiable.

Members have a choice of :

- The With-Profits Fund, currently invested with the Prudential Assurance Company, which aims to provide steady growth with a guarantee that if the monies are left in the Fund until retirement, they will only increase in value.

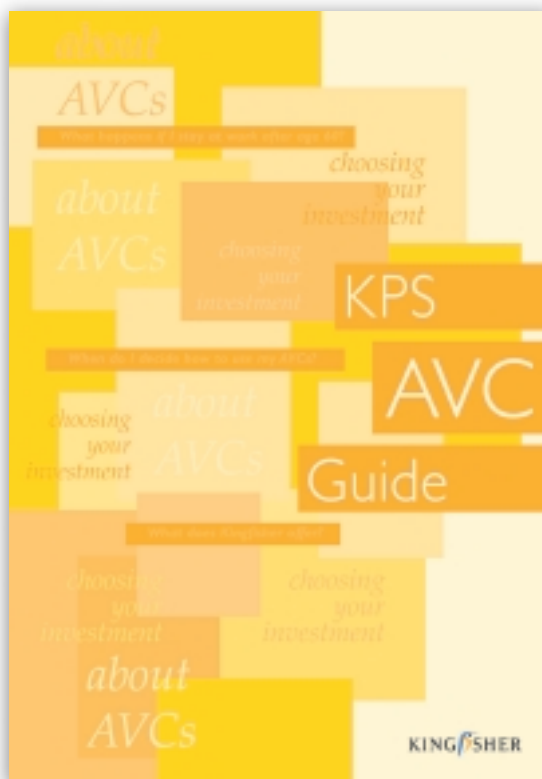
The annual bonus rate during the year was 4.75% and as from 1 April 2001 remains at 4.75%. This bonus becomes part of the member's fund on which future bonuses will be calculated. When the benefits become payable, there is the possibility of an additional Terminal Bonus.

- Unit-linked funds, where the value of the funds are directly linked to stock and bond markets. Returns are not guaranteed and fund values can fall as well as rise.

Unit-linked funds are currently invested with two AVC providers: Merrill Lynch Investment Managers and the Legal and General Assurance Company, who offer a range of investment funds using active and passive management approaches.

During the year, the Trustees added another investment option to the unit-linked funds, the Ethical Fund, designed to allow people to invest with the knowledge that their money is being used ethically. The fund manager has created a fund that tracks the performance of the FTSE 350 Index as closely as possible, whilst excluding those companies that are involved in areas such as animal testing, the processing and sale of tropical hardwood, nuclear power and weapons, countries with a record of poor human rights or environmentally unfriendly products.

At the year end, there were 6173 active members with AVC accounts, a decrease on last year's membership of 6636, and 2036 deferred members, which is an increase on last year's figure of 1379.



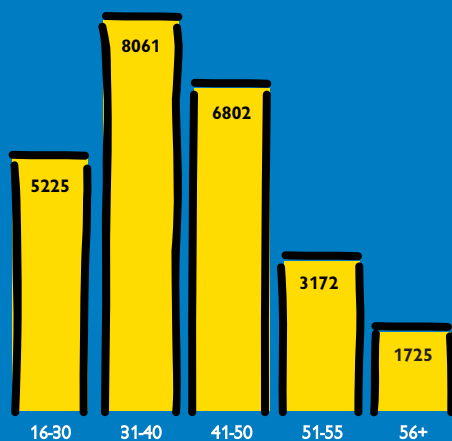
Details of the value of members' AVC funds are included in Personal Benefit Statements.

Full details of the Kingfisher AVC Scheme can be found in the explanatory booklet The KPS AVC Guide, available online at our website www.kgbd.co.uk or from your personnel department.

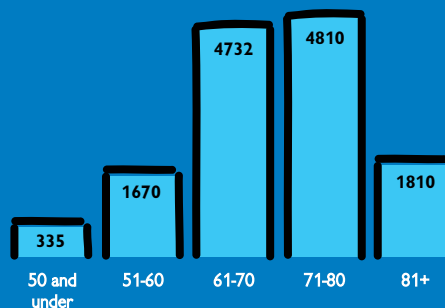
MEMBERSHIP

Membership is open to all employees of UK companies within the Kingfisher Group who satisfy the entry qualifications set by their employer, which are broadly similar. There are three categories of membership within the Scheme:

- ➔ Active members - currently contributing employees who are members of the Scheme;
- ➔ Deferred pensioners - members who have left service or otherwise ceased active membership and have the right to a future pension under the Scheme;
- ➔ Pensioners - members who have retired and are in receipt of a pension and dependants who are in receipt of a pension following the death of a member.

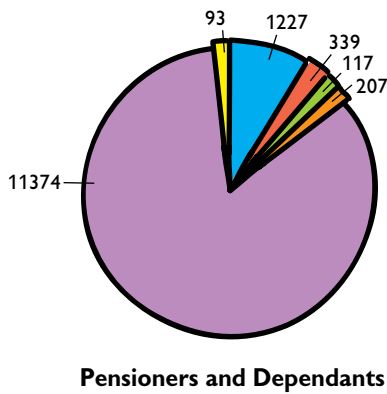
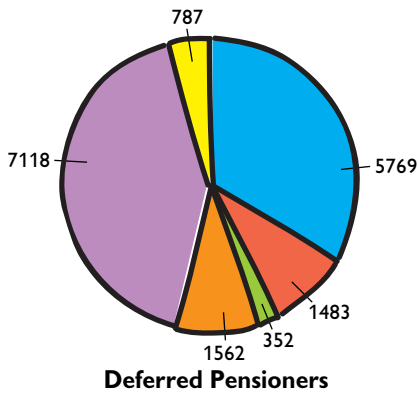
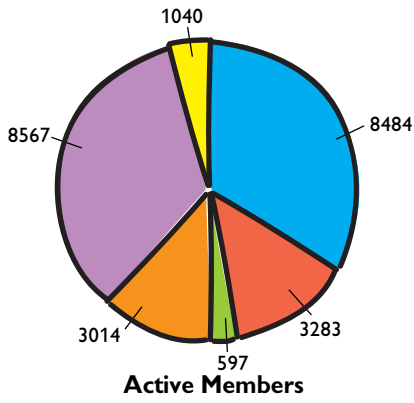


**AGE PROFILE OF
ACTIVE MEMBERS**

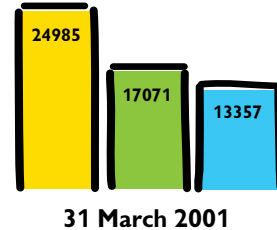
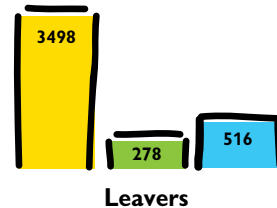
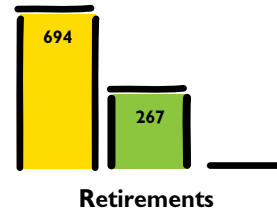
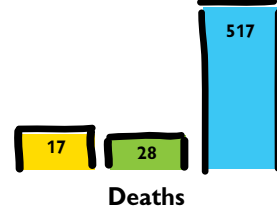
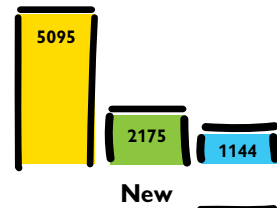
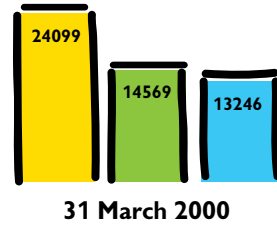


**AGE PROFILE OF
PENSIONERS & DEPENDANTS**

MEMBERSHIP BY OPERATING COMPANY



CHANGES IN MEMBERSHIP DURING THE YEAR



PENSION INCREASES AND TRANSFER VALUES

Both pensions in payment and in deferment 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.

The *Pension Increases* chart shows the level of increases over the last five years.

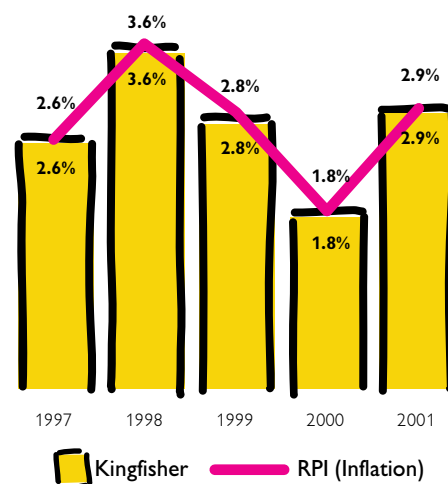
Increases from the Scheme do not apply to that element of the pension representing any Guaranteed Minimum Pension (GMP) in payment after age 60 for females or 65 for males (which the Scheme is required to provide as a consequence of contracting-out of SERPS), as these increases are provided along with 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. Both Jersey and Guernsey have their own Retail Prices Index (4% and 3.9% respectively at December 2000), 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-Earnings Related Pension Scheme (SERPS); in doing so, a member and their employer would not pay full-rate NI contributions. Because this reduced the member's SERPS pension, a contracted-out scheme had to guarantee to pay a minimum pension so that the member would not be disadvantaged.

As a result of the 1995 Pensions Act, 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, will not have a GMP. The GMPs of members who joined before 6 April 1997 stopped accruing at that date.

➔ TRANSFER VALUES

Transfer values were calculated in accordance with the provisions of the Pensions Act 1995 on a basis agreed between the Trustee Board and the Actuary. The amount available for transfer is the 'cash equivalent' of a member's benefits under the Scheme. It does not take account of any future benefits that may be payable at the discretion of the Trustees or the Company. No payments were reduced below the actuarially calculated value.



PENSION INCREASES

ACTUARIAL AND FINANCIAL REVIEW

▶ ACTUARIAL REVIEW

The financing of the Scheme is subject to regular review by the Actuary. The main purpose of a review (Actuarial Valuation) is to assess the adequacy of the fund and the level of contributions necessary to maintain the financial soundness of the Scheme in relation to benefits that have accrued and will accrue to members and their dependants. These reviews normally occur every three years, the latest one being at 31 March 1998.

An Actuarial Valuation as at 31 March 2001 is currently in progress.

The 1998 Valuation showed that the long-term rate of employer's contribution required to cover the accrual of future service benefits (including an allowance for administrative expenses) is 12.6% of pensionable earnings. However, the balance of assets over the cost of benefits earned to the Valuation date means that employer contributions may be reduced to 10% of pensionable earnings for a period of over four years. It was decided that the employer's contribution would be 10% for the next three years (additional contributions are payable by B&Q, equal to 0.5% of B&Q pensionable salaries), at which time the rate will be reviewed as part of the Valuation (due as at 31 March 2001).

The Actuary's Statement setting out the background to the last review is shown on page 29.

▶ FINANCIAL REVIEW

During the year to 31 March 2001, the Scheme's (non-investment) income from contributions and transfers-in exceeded spending on pensions, other benefits and expenses by approximately £32m.

During the year, whilst the contributions and investment income received exceeded the Scheme's expenditure, the fall in value of the Scheme's investments resulted in the fund value at the year end of £1,103m being lower than that at the beginning of the year of £1,125m.

The Investment Report on page 20 gives more information on the investment background, strategy and performance over the year.

▶ COMPANY ADDITIONAL CONTRIBUTIONS

It is on occasion considered appropriate by the employer to enhance a member's benefit available from the Scheme. Where an employer chooses to do this, they are required to pay an additional amount to the Scheme to cover the cost of providing these benefits. The amount paid is calculated in accordance with instructions provided by the Scheme's Consulting Actuary. The payment of such amounts has not, to date, been included within the Schedule of Contributions. A total of £164,000 has therefore been paid this year in addition to that required by the Schedule.

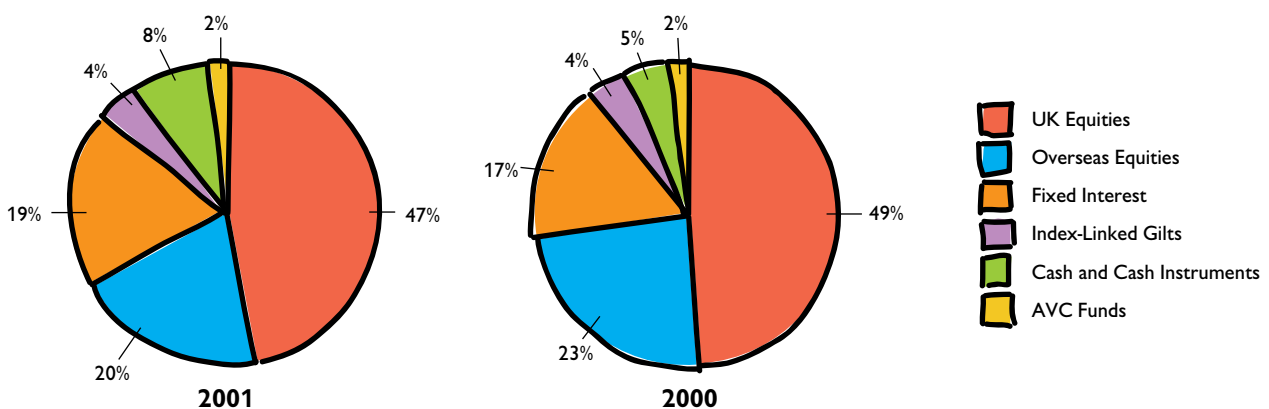
INVESTMENT OBJECTIVES

The Scheme's present investment objectives can be briefly stated as follows.

- To achieve a return on the Scheme's assets over the longer-term that exceeds the growth of the Scheme's liabilities (due to increases in salaries and price inflation) consistent with an acceptable degree of risk measured in terms of variability in funding level (defined as 'assets divided by liabilities').
- At least match the rate of return of the 'average' pension fund over a period of time (in excess of five years) providing this is not incompatible with the above.

The Scheme's investment objectives are set out in detail in the 'Statement of Investment Principles', a copy of which is available by writing to the Group Reward and Benefits Department at the address given on page 59.

DISTRIBUTION OF SCHEME ASSETS



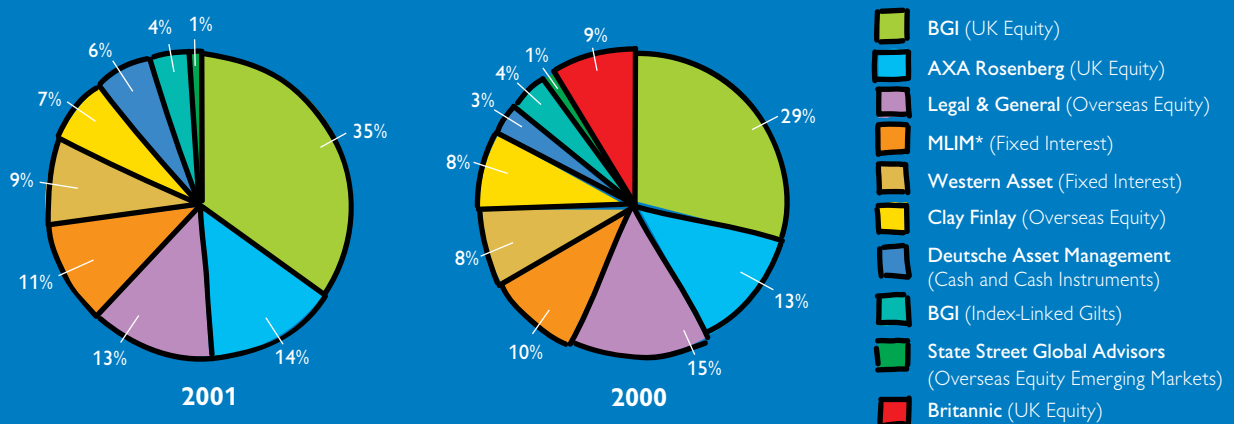
INVESTMENT STRATEGY

The strategy to achieve the investment objectives involves the Scheme’s assets being spread across a number of asset classes and geographic markets. The results of the 1998 Actuarial Valuation again indicated that the Scheme, whilst maturing, could still be considered ‘average’ in terms of its asset and liability profile. Following a review in July 1999, the Trustee Board concluded that it was appropriate to continue the existing strategy whereby the Scheme’s assets are allocated to the various categories, broadly in line with that of medium-sized schemes in the Combined Actuarial Performance Services (CAPS) investment survey.

The Investment Committee selects the appropriate managers, for each particular asset class, who are given specific objectives to achieve. The type of managers employed include both ‘passive’ (index-tracking) managers as well as active managers (who are expected to produce higher investment performance than the index-tracking managers over the longer-term, but with greater fluctuations in their returns over the shorter-term).

The Scheme does not hold shares directly in Kingfisher plc.

DISTRIBUTION OF THE FUND BY INVESTMENT MANAGERS



*previously MAM)

INVESTMENT MANAGEMENT ARRANGEMENTS

➔ BRITANNIC INVESTMENT MANAGEMENT

Britannic's objective was to out-perform the FT-SE-A All-Share Index by 1% per annum (net of base fees) over rolling three-year periods. After the year end, following a review of consistent under-performance, a decision was taken, on performance grounds, to terminate the arrangement with Britannic. From 22 May 2000, the assets managed by Britannic (£89m) were reallocated to Barclays Global Investors to be managed on an index-tracking basis until further review.

CORPORATE GOVERNANCE

The Scheme has instructed its investment managers to, whenever possible, exercise voting rights attaching to investments. While in the majority of circumstances the managers are instructed to exercise their professional judgement on how the 'vote' is exercised, in potentially contentious situations the Investment Committee is consulted. To assist in this process, the Scheme subscribes to the voting service operated by the National Association of Pension Funds which gives information about matters on which shareholders are asked to vote.

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

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. The Trustee Board's policy is therefore 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 their investee companies.

However, the Trustee Board recognises that because of the need to closely track the Index benchmarks, it is not appropriate for the Scheme's passive managers (see pages 25 and 26 for details of the investment managers) to take account of social, environmental or ethical considerations in the construction of their portfolio. However, the Trustee Board also encourages its passive managers to pursue policies of engagement with investee companies.

CUSTODY OF THE SCHEME'S INVESTMENTS

Although the Trustee Board has delegated management of the Scheme's investments to external managers, the custody (safekeeping) of the non-pooled assets is presently carried out independently of the managers by State Street Bank and Trust Company. The custody of the pooled investments is carried out by the investment manager.

INVESTMENT BACKGROUND

EQUITIES

UK

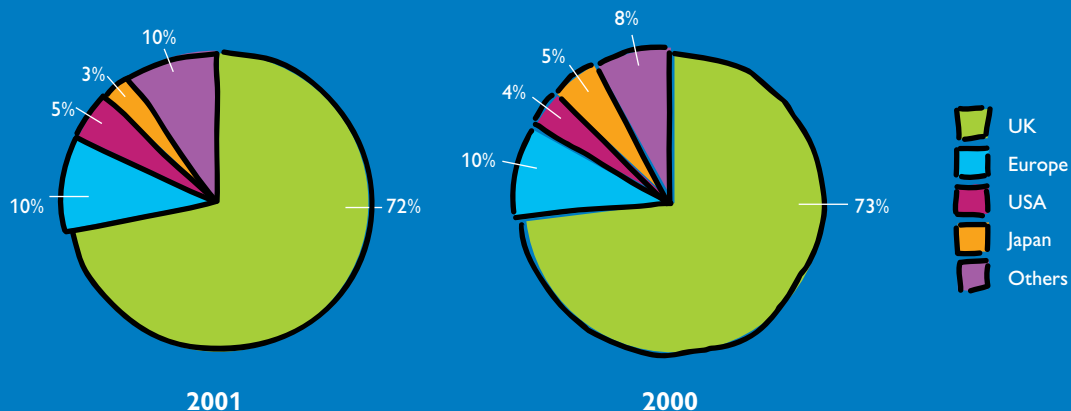
The FT-SE-A All Share Index returned -10.8% over the year. During the year to 31 March 2000, the equity markets had been dominated by the 'new economy' sectors (technology, media and telecommunications – TMT), with the 'old economy' sectors (e.g. retailing, brewing, banks, property) under-performing. This divergence between old and new economy shares became unsustainably extreme and a dramatic correction took place at the beginning of the year. A number of 'old economy' corporate takeover bids boosted their market prices. Although rising European interest rates and numerous profit warnings restrained equities in the second quarter, banks were buoyed by Barclays' £5m takeover bid for the Woolwich, and by excellent figures from Royal Bank of Scotland following its acquisition from NatWest.

UK technology stocks were affected by the fallout from profits warnings issued by their US counterparts, but this despite this, the UK stocks continued to be more highly valued than the US ones. However, the end of the year saw IT and telecom-related stocks still hard-hit, and the performance of media stocks due to downgraded advertising growth forecasts reflected the downturn in 'new technology' stocks. Most markets reflected these trends and the decline in TMT shares pulled down the Index.

CONTINENTAL EUROPEAN MARKETS

The FT/S&P-A (excluding UK) Index returned -11.4%. The beginning of the year saw a continuing rise in interest rates, although the Euro showed recovery. Banks, oils and pharmaceuticals kicked-off with strong performances, although pharmaceuticals were in decline by the year end. Countries with high weightings in TMT stocks were affected by the general decline in these sectors; Finland and Sweden in particular. Generally, countries with greater exposure to defensive stocks performed well.

GEOGRAPHICAL SPREAD OF ASSETS



INVESTMENT BACKGROUND

→ JAPAN

The FT/S&P-A (excluding UK) Index returned –28.0% in Sterling terms over the year. Due to losses in their home markets, foreign investors turned large sellers for most of the year, with the over-valued electronics, telecom and software sectors hit hardest. Capital expenditure, which had started the year well, declined and personal consumption remained low. The economy, which had showed growth earlier in the year, was later affected by political uncertainty and the lack of any definite statement on a governmental bank rescue package, which handicapped any rally in equities.

→ THE PACIFIC BASIN

The FT/S&P-A World Asia-Pacific (excluding Japan) returned –11.9% in Sterling terms over the year. Utilities, financials and property prospered at the expense of the emerging technology, media and telecom stocks. Hong Kong was hit by the collapse in global telecom valuations, and later concern over possible changes in China's regulatory environment, although financials and utilities continued to find support. Singapore recovered from its early under-performance, and financials were seen to out-perform, but later suffered from under-performing technology stocks. Overall, Australia, with its high weighting in financials, fared better than its counterparts.

→ US EQUITIES

The FT/S&P-AW World North American Index returned –13.0% in Sterling terms over the year. The year started well, with profits well above expectations, most notably in the technology and energy sectors. The NASDAQ Index was aggressively sold in the wake of high technology valuations and interest rate fears, although signs of economic slowdown did have a calming effect on nervousness about interest rates. However, the slowing economy allied with a strong dollar and weak Euro caused sector volatility, and the NASDAQ Index showed a notable under-performance in the third quarter which continued until the end of the year. Despite aggressive interest rate cuts and valuation support from the bond market, equities fell as profits estimates for 2001 were sharply reduced.

→ EMERGING MARKETS

Emerging Markets, as measured by the IFCI Composite Index, fell by 31.8%. The year began with every market losing ground, not just TMT stocks. Emerging Asia showed unsteadiness during the year, initially suffering from concerns about a slowdown in USA economic growth, and this was compounded by poor government policy initiatives in South Korea and Taiwan. Latin America started the year exceptionally badly, with the NASDAQ sell-off weighing heavily on the region's biggest market and stocks. In general, the economies of Mexico, Brazil, Chile and Peru continued to meet or exceed growth, trade and fiscal expectations, whilst the recoveries in Argentina, Columbia and Venezuela looked more tentative. In Europe, Turkey was buoyed by the nomination of the new Turkish President and the auction of a mobile telephone license, and was the only market able to ignore the weakness of the NASDAQ Index. Russia, also, was resilient, but Hungary and Greece suffered losses.

INVESTMENT PERFORMANCE REVIEW

The performance of the Scheme's investments is measured against that of other UK pension schemes of various sizes by an independent external measurement service, known as CAPS. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2001 was -5.1%. This was against the survey average return of -5.9%.

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 4.5% and 10.1% compared to the average of 4.2% and 9.3% respectively.

➔ CURRENT MANAGERS' OBJECTIVES AND ACHIEVEMENTS

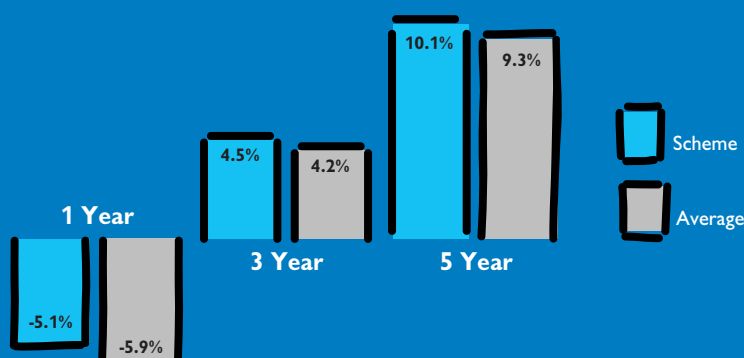
As part of the Scheme's investment strategy, its assets are allocated to a number of investment managers in specific asset classes. The investment managers are given performance objectives which, when combined, are intended to enable the Scheme to achieve its overall investment objectives (see page 20).

➔ UK EQUITIES

Barclays Global Investors' (BGI) UK Equity portfolio is managed to track the performance of the FT-SE-A All-Share Index within a small deviation. Over the year and longer-term, the BGI portfolio achieved its objective. BGI is remunerated on the basis of a fixed fee.

Axa Rosenberg Investment Management's UK Equity portfolio objective is to out-perform the FT-SE-A All-Share Index by 2% per annum (net of base fees) over rolling three-year periods. Axa Rosenberg did not achieve its objective over the latest three-year period. Axa Rosenberg's fees are market-value based with a performance-related element.

ANNUAL RETURNS



INVESTMENT PERFORMANCE REVIEW

→ OVERSEAS EQUITIES

Legal & General's objective is to achieve similar performance to that of overseas equity indices (excluding the UK) weighted in line with the average pension fund. Over the review year, the fund marginally under-performed by 0.2%, but in the longer-term the portfolio has achieved its objective. Legal & General's fees are market value-based.

Clay Finlay's objective is to out-perform an 'overseas index' return (which is the same as the objective of the Legal & General portfolio described above) by 2% per annum (net of base fees) over rolling three-year periods. Over the latest rolling three-year period, Clay Finlay achieved its objective. Clay Finlay's fees are market value-based and have a performance-related element.

State Street's objective is to out-perform the International Finance Corporation Investable (IFCI) Index (the index the Scheme uses for emerging markets) by 6% per annum (net of base fees) over rolling three-year periods. Over a rolling three-year period, State Street did not achieve its objective or its benchmark. State Street's fees are market value-based with a performance-related element.

→ FIXED INTEREST

Merrill Lynch Investment Management's fixed interest portfolio has the objective of out-performing its benchmark by 1.5% per annum (net of base fees). The 'benchmark' is the average return on a portfolio of UK and overseas Fixed Interest securities, weighted in the same proportion as the average pension fund over rolling three-year periods. Over the latest three-year period, MLIM did not achieve its benchmark or objective. MLIM's fees are market-value based with a performance-related element.

Western Asset Management's fixed interest portfolio has the objective of out-performing its 'benchmark' (the same as that for Mercury Asset Management, described above) by 1.5% per annum (net of base fees). The 'benchmark' is the average return on a portfolio of UK and overseas fixed interest securities weighted in the same proportion as the average pension fund over rolling three-year periods. As Western Asset Management was appointed in June 1998, it is too early to assess its longer-term performance. Western Asset Management's fees are market value-based with a performance-related element.

BGI Index-Linked Gilts has the objective of tracking the FTA Index-Linked All Stocks Index within a small deviation. Over the year and longer-term, the BGI portfolio achieved its objective. BGI is remunerated on the basis of a fixed fee.

→ CASH AND CASH INSTRUMENTS

Deutsche Asset Management's objective is to achieve a total return (net of base fees) which exceeds the Three Month Sterling LIBID. During the year, Deutsche Asset Management achieved its objective. Deutsche Asset Management's fees are market-valued based.

→ 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.

AUDITORS' REPORT

To the Trustees of the Kingfisher Pension Scheme

We have audited the Accounts on pages 32 to 41.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described on page 31, the Scheme's Trustees are responsible for obtaining audited accounts which comply with applicable United Kingdom law and Accounting Standards. They are also responsible for making available, commonly in the form of a Trustee's Report, certain other information about the Scheme which complies with applicable United Kingdom law. Further, as described on page 31, they are responsible for ensuring that, following the first minimum funding valuation, a Schedule of Contributions payable to the Scheme is prepared and maintained, and for procuring that contributions are made to the Scheme in accordance with that Schedule of Contributions. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the Accounts give a true and fair view and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Account and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We also report to you our opinion as to whether the contributions have been paid in accordance with the Schedule of Contributions certified by the Actuary and if we have not received all the information and explanations we require for our audit.

We read the Trustee's Report and other information accompanying the Accounts, and consider whether it is consistent with those Accounts. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Accounts.

BASES OF OPINIONS

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustees in the preparation of the Accounts and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed. The work that we carried out also included an examination, on a test basis, of evidence relevant to the amounts of contributions paid to the Scheme and the timing of those payments.

AUDITORS' REPORT

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 Accounts are free from material mis-statement, whether caused by fraud or other irregularity or error, and that contributions have been paid in accordance with the Schedule of Contributions certified by the Actuary on 15 June 1999, prepared in accordance with the Pensions Act 1995. In forming our opinions, we also evaluated the overall adequacy of the presentation of information in the Accounts.

OPINIONS

In our opinion, the Accounts show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2001 and of the amount and disposition at that date of the assets and liabilities (other than liabilities to pay pensions and benefits after the end of the Scheme year) and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

As explained in the Trustee Board Report on page 19, special contributions totalling approximately £164,000 were paid during the year, although the Schedule of Contributions does not require such contributions to be made.

Except for the above matter in our opinion, the contributions to the Scheme for the Scheme year ended 31 March 2001 have been paid in accordance with the Schedule of Contributions certified by the Actuary on 15 June 1999.

KPMG
Chartered Accountants
Registered Auditors
1 Canada Square
Canary Wharf
London
E14 5AJ

Date: 3 July 2001

ACTUARIAL STATEMENT

Actuarial Statement made for the purposes of Regulation 30 of The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996.

Name of Scheme: Kingfisher Pension Scheme

Effective date of Valuation: 31 March 1998

1. Security of Prospective Rights

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

By Members

5% of pensionable earnings

By the Company

10% of pensionable earnings, but subject to review at the next Valuation, due as at 31 March 2001. Additional contributions are payable by B&Q, equal to 0.5% of B&Q pensionable earnings.

2. Summary of Methods and Assumptions used

For the purposes of Section 1, I have assumed that the Scheme will continue. The liabilities referred to in Section 1 relate to the benefits which are expected to become payable under the normal operation of the Scheme. They take account of future benefit accruals and include appropriate allowance for future salary increases.

Funding method: Projected Unit

Main financial assumptions (relative to an assumed inflation rate of 4.0% per annum):

Earnings Escalation	1.68% p.a.
Pension Increases (in payment)*	-0.25% p.a.
Pension increases (in deferment)*	0.00% p.a.
Investment return on existing assets	2.75% p.a.
Investment return on future contributions	3.75% p.a.

* On the excess over the Guaranteed Minimum Pension.

Further details of the methods and assumptions used are set out in my Actuarial Valuation Report addressed to the Trustees dated 31 March 1999.

PN.M. Sisson
Fellow of the Institute of Actuaries
Partner in the firm of Watson Wyatt Partners
Watson House, London Road
Reigate, Surrey
RH2 9PQ

31 March 2001

ACTUARIAL CERTIFICATE

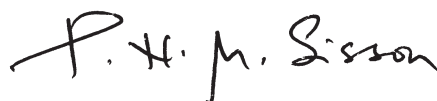
Schedule of Contributions (Section 57, Pensions Act 1995)

Name of scheme: Kingfisher Pension Scheme

Adequacy of rates of contributions

1. I hereby certify that, in my opinion, the rates of contributions payable in accordance with this schedule of contributions are adequate for the purpose of securing that throughout the period it covers the Scheme will meet the Minimum Funding Requirement imposed by Section 56(1) of the Pensions Act 1995.
2. In forming this opinion, I have complied with the requirements imposed by Sections 56(3) and 58 of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on the Minimum Funding Requirement (GN 27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries, and have made the assumptions prescribed by them.

Signature



Date 28 June 2000

Name P. N.M. Sisson
Fellow of the Institute of Actuaries
Partner in the firm of Watson Wyatt Partners

Address Watson House
London Road
Reigate
Surrey
RH2 9PQ

Note: The certification of the adequacy rates of contributions for the purpose of securing the meeting of the Minimum Funding Requirement is not a certification of their adequacy for the purpose of securing the Scheme's liabilities for the purchase of annuities if the Scheme is wound-up.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The audited Accounts are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, the audited Accounts 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; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the Accounts and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustees are also responsible for making available each year, commonly in the form of a Trustee's Annual Report, information about the Scheme prescribed by pensions legislation, which they should ensure is consistent with the audited Accounts it accompanies.

Following the minimum funding valuation under the Pensions Act 1995, the Trustees are 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 Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme, and for ensuring that contributions are made to the Scheme in accordance with the Payment Schedule.

The Trustees have 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.

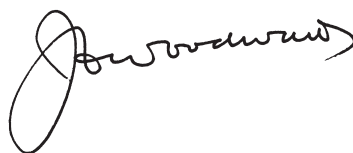
FINANCIAL STATEMENT for the period ended 31 March 2001

	Notes	2001		2000	
		£'000	£'000	£'000	£'000
Fund at the beginning of the year			1,124,958		992,498
Contributions & Benefits					
Contributions	2	61,436		55,004	
Transfer Values	3	13,930		6,152	
		75,366		61,156	
Benefits Payable	4	36,314		33,603	
Leavers	5	3,545		2,485	
Administrative Expenses	6	1,627		1,531	
		41,486		37,619	
Net additions from dealings with members		33,880		23,537	
Returns on investments					
Investment Income	7	28,229		31,224	
Change in market value of investments	8	(82,567)		79,787	
Investment management expenses	9	(1,829)		(2,088)	
Net returns on investments		56,167		108,923	
Net decrease/increase in fund during the year			(22,287)		132,460
Fund at the end of the year			1,102,671		1,124,958
Represented by:					
Investments	8		1,104,895		1,124,991
Debtors	10	166		54	
Creditors	11	(1,895)		(1,201)	
Bank Accounts		(495)		1,114	
			(2,224)		(33)
Net Assets of the Scheme at the end of the year			1,102,671		1,124,958

The Notes on pages 33 to 40 form part of this Financial Statement.



R.E. Jones



J.C. Woodward

NOTES TO THE FINANCIAL STATEMENT

1. Accounting Policies

This Financial Statement has 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 SORP, Financial Reports of Pension Schemes.

The Financial Statement summarises the transactions of the Scheme and deals with the net assets at the disposal of the Trustee Board. It does not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such liabilities, is dealt with in the Actuarial Statement on page 29.

The following accounting policies have been applied:

- a) Employee contributions are accrued for from the date of deduction from payroll, and employer contributions are accrued for as they fall due.
- b) Benefits are accounted for on an accruals basis, except where the member has a choice of benefits, in which case a cash basis is used.
- c) Individual transfer values to or from other schemes are accounted for on a cash basis. Group transfers are accounted for on a cash basis except where the Trustee Board has agreed to accept the liability in advance of the funds, in which case the transfer is accrued in accordance with the terms of the agreement.
- d) The investments have been included at mid-market values at 31 March 2001. Those quoted in foreign currencies have been translated at the rates of exchange ruling at that date. Unit trusts have been valued at the mid-point quoted by the trust manager on the date nearest 31 March 2001. Futures contracts are valued at market prices at the year end on the associated economic exposure basis. The associated economic exposure of a futures contract is the value of an amount of securities which, if held as an alternative to the futures contract, would provide a similar return in the market to that obtained on the futures contract.
- e) Any transaction in foreign currency is converted to Sterling at the exchange rate ruling at the transaction date. Assets and liabilities are translated at year end rates.
- f) Dividends, fixed interest income and deposit interest have been accounted for on an accruals basis.
- g) Overseas taxation on dividends is accounted for as irrecoverable taxation on an accruals basis net of any recoveries received during the year.

NOTES TO THE FINANCIAL STATEMENT

2. Contributions

2001

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	6,114	1,417	12,898	28	20,457
Comet	2,850	531	5,743	0	9,124
Entertainment UK	639	141	1,292	25	2,097
Superdrug	2,173	629	4,503	9	7,314
Woolworths	5,397	1,615	10,943	64	18,019
Others	1,260	551	2,576	38	4,425
Total Contributions	18,433	4,884	37,955	164	61,436

2000

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	5,329	1,424	11,312	5	18,070
Comet	2,558	587	5,200	6	8,351
Entertainment UK	573	149	1,139	-	1,861
Superdrug	2,055	600	4,133	-	6,788
Woolworths	5,036	1,778	10,152	158	17,124
Others	758	485	1,529	38	2,810
Total Contributions	16,309	5,023	33,465	207	55,004

3. Transfer Values

	2001 £'000	2000 £'000
Group Transfers	7,621	
Individual transfers-in from other schemes	6,309	6,152
Total	13,930	6,152

NOTES TO THE FINANCIAL STATEMENT

4. Benefits Payable

	2001 £'000	2000 £'000
Lump sums on retirement	5,891	4,447
Lump sums on death	1,961	1,663
Gross pensions	28,828	27,944
Less annuities	(366)	(451)
Total	36,314	33,603

5. Leavers

	2001 £'000	2000 £'000
Individual transfers-out	2,519	1,601
DSS Premiums	547	481
Refunds of contributions	479	403
Total	3,545	2,485

6. Administrative Expenses

The Scheme bears all its administration expenses. These expenses consist of the costs incurred on behalf of the Trustee Board by the Group Benefits Department and are detailed below.

	2001 £'000	2000 £'000
Staff costs	975	857
Rent, rates and service charges	254	238
Professional fees	108	159
Communications and printing	110	103
General	80	92
Computing	100	82
Total administration costs	1,627	1,531

NOTES TO THE FINANCIAL STATEMENT

7. Investment Income

	2001 £'000	2000 £'000
UK		
- Equities	9,666	14,564
- Fixed Interest	10,638	8,388
- Unquoted Unit Trusts	116	91
- Index-Linked	869	974
Overseas		
- Equities	1,042	799
- Fixed Interest	2,266	2,441
- Unquoted Unit Trusts	242	212
Interest on cash and cash instruments	3,565	3,899
Sub-total	28,404	31,368
Irrecoverable taxation	(175)	(144)
Total Investment Income	28,229	31,224

8. Investments

8.1 The investments of the Scheme are held in either the name of the Trustee or the nominee company of State Street Bank and Trust Company which acts as custodian.

NOTES TO THE FINANCIAL STATEMENT

8. Investments

8.2 Summary by Sector-Market Value showing the movement in value of the funds during the year.

	Value at 31 March 2000 £'000	Purchases £'000	Sales £'000	Movement in value £'000	Value at 31 March 2001 £'000	Percentage of total Fund at 31 March 2001
UK Equities						
- Equities Quoted	519,596	292,209	671,314	4,296	144,787	13.10%
- FT-SE Futures Quoted	1,121	32,104	33,019	(206)	-	-
- Unit Trusts Quoted	6,093	58	475	(5,676)	-	-
- Unit Trusts Unquoted	24,806	409,537	6,270	(46,358)	381,715	33.73%
Sub-total	551,616	733,908	711,078	(47,944)	526,502	46.83%
Overseas Equities						
- Europe Quoted	37,097	34,804	37,045	(1,057)	33,799	3.07%
- Japan Quoted	20,339	17,733	19,568	(6,558)	11,946	1.08%
- United States Quoted	15,478	8,547	7,385	(859)	15,781	1.43%
- Pacific Basin Quoted	9,221	16,097	10,546	(3,951)	10,821	0.98%
- Unit Trusts Unquoted	175,420	24,414	20,171	(27,900)	151,763	13.74%
Sub-total	257,555	101,595	94,715	(40,325)	224,110	20.30%
Total Equities	809,171	835,503	805,793	(88,269)	750,612	67.13%
UK Fixed Interest						
- Government	60,129	33,451	50,593	49	43,037	3.90%
- Corporate	12,733	15,114	10,627	11,674	28,894	2.62%
- Unquoted Unit Trusts	79,931	1,800	4,600	512	77,642	7.03%
- UK Fixed Income Futures Quoted	(908)	11,201	19,762	126	(9,343)	-
Sub-total	151,885	61,566	85,582	12,361	140,230	13.55%
Overseas Fixed Interest						
- Government	9,890	37,460	35,052	5,124	17,422	1.58%
- Corporate	3,769	38,487	21,769	(14,881)	5,606	0.51%
- Unquoted Unit Trusts	26,136	10,101	-	47	36,284	3.28%
- Overseas Fixed Income Futures Quoted	(16)	51,073	50,822	555	790	-
Sub-total	39,779	137,121	107,643	(9,155)	60,102	5.37%
Total Fixed Interest	191,664	198,687	193,225	3,206	200,332	18.92%
UK Index-Linked						
- Quoted	40,418	3,879	44,688	791	400	0.04%
- Unquoted Unit Trusts	-	43,883	-	(1,238)	42,645	3.86%
Total Index-Linked	40,418	47,762	44,688	(447)	43,045	3.90%
Liquid Assets						
- Cash and Cash instruments	63,351	26,258	7,747	1,848	83,710	7.58%
- Debtors	2,812	599	-	(22)	3,389	0.31%
- Creditors	(8,782)	3,452	-	-	(5,330)	(0.48)%
- Investment managers' fees	(861)	-	4	-	(865)	(0.08)%
- Tax recoverable	446	67	-	-	513	0.05%
- Investment income accrual	5,413	-	1,751	38	3,700	0.33%
Sub-total	62,379	30,376	9,502	(1,864)	85,117	7.71%
AVC Investments						
- Prudential	17,902	4,612	1,321	1,051	22,244	2.02%
- London Life - surrender value	2,451	-	531	185	2,105	0.19%
- Unit-Linked AVCs	1,006	597	4	(157)	1,442	0.13%
Sub-total	21,359	5,209	1,856	1,079	25,791	2.34%
Total	1,124,991	1,117,537	1,055,064	(82,567)	1,104,895	100.00%

NOTES TO THE FINANCIAL STATEMENT

8. Investments

8.2 continued

	2001 £'000	2000 £'000
Included in the Market Values shown above are:		
Unit Trust with UK Registered Companies		
- Unquoted	679,346	291,715
- Quoted	-	6,093
Unit Trust with Overseas Registered Companies		
- Unquoted	10,702	14,543
Total	647,403	312,351
Cash & Cash Instruments:		
Cash deposits	38,824	31,249
Cash backing Futures	8,553	(197)
Floating rate notes	36,333	32,299
Total	83,710	63,351

8.3 AVC Investments

Prudential and London Life

The Trustee holds assets invested separately from the main fund, securing additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Each member participating in this arrangement receives an annual statement confirming the amounts held in their account. The aggregate amount of AVC investments are shown above.

Legal & General and Merrill Lynch Unit-Linked

The Trustees hold assets invested separately from the main fund in the form of unit-linked contracts for those members electing to pay unit-linked Additional Voluntary Contributions.

NOTES TO THE FINANCIAL STATEMENT

8. Investments

8.4 Market Value of the Scheme's largest investments

	2001	
	£'000	
Unit Trusts		
Aquila Life UK Equity Index Fund Series 1	378,992	34.3%
Merrill Lynch Institutional Sterling Bond Exempt Fund 'A' Units	78,159	7.1%
Legal & General European Index	62,163	5.6%
Aquila Life UK Index-linked Gilts Accumulated Units Index	42,645	3.9%
Merrill Lynch International Fixed Interest Exempt Fund (unhedged)	35,767	3.2%
Legal & General North American Index	32,218	2.9%
Legal & General Japanese Index	24,735	2.2%
Legal & General Other Pacific Basin Index	17,298	1.6%
	£'000	
Securities		
BP Amoco	13,878	1.3%
Vodafone Airtouch	11,080	1.0%
AstraZeneca	7,963	0.7%
HSBC Holdings	7,841	0.7%
Shell Transport and Trading	7,028	0.6%
Glaxo SmithKline	7,012	0.6%
Lloyds TSB Group	6,188	0.6%
Barclays	6,036	0.5%
Royal Bank of Scotland Group	5,932	0.5%
Halifax Group	3,683	0.3%
Abbey National	3,597	0.3%
Prudential	3,454	0.3%
Unilever	3,421	0.3%
British American Tobacco	3,029	0.3%

8.5 Analysis of UK Equities by Industrial Sector - Market Value

	2001	2000
	£'000	£'000
Consumer	26,545	74,994
Services	25,546	190,297
Basic Industries	6,970	19,723
Financials	434,674	139,159
General Industries	9,147	19,279
Information Technology	198	26,740
Resources	21,086	56,916
Utilities	2,336	24,508
Total	526,502	551,616

NOTES TO THE FINANCIAL STATEMENT

9. Investment Management Costs/Fees

	2001 £'000	2000 £'000
Axa Rosenberg	90	299
Barclays Global Investors	134	124
Britannic Asset Managers Limited	(8)	118
Clay Finlay	831	665
Legal & General	240	214
Merrill Lynch	142	318
Deutsche Asset Management	51	57
State Street Global Advisors UK	35	65
Western Asset Management	138	99
Custody Services	144	99
Performance Measurement and Risk Reporting	29	26
Other Services	3	4
Total	1,829	2,088

10. Debtors

	2001 £'000	2000 £'000
Tax recoverable	64	28
Inter-company expenses due from Kingfisher Retirement Trust	78	22
Others	24	4
Total	166	54

11. Creditors

	2001 £'000	2000 £'000
Tax payable	426	371
Expenses	200	233
DSS	99	38
Sundry unclaimed benefits	226	179
Inter-company expenses due to Kingfisher plc	664	242
Others	280	138
Total	1,895	1,201

12. Related Parties

The Scheme has received employee contributions in respect of the eight directors of the Trustee Board who are also contributing members of the Scheme. These were paid in accordance with the Rules of the Scheme.

Kingfisher plc pays some administration expenses on behalf of the Scheme, £1,388,000 this year (2000: £1,120,000) and subsequently recharges these to the Scheme.

The Scheme pays some expenses on behalf of the Kingfisher Retirement Trust, £148,610 this year (2000: £113,034), and recharges these to the Trust.

Transfer values of £769,200 (2000: £667,800) were received into the Scheme from Kingfisher Retirement Trust.

ADVISORS AND INVESTMENT MANAGERS

Actuaries

Watson Wyatt Partners

Auditors

KPMG

Bankers

Barclays Bank PLC

Investment

Axa Rosenberg European Management Limited

Barclays Global Investors Limited

Britannic Asset Managers Limited*

Clay Finlay Incorporated

Deutsche Asset Management

Legal & General Assurance Pensions Management Limited

London Life Limited

Merrill Lynch Investment Managers**

Prudential Assurance Company Limited

State Street Global Advisers UK Limited

Western Asset Management

* The contract with Britannic was terminated on 22 May 2000.

** Mercury Asset Management was bought by Merrill Lynch during the year.

Custodian

State Street Bank & Trust Company

Solicitors

Rowe & Maw

KINGFISHER

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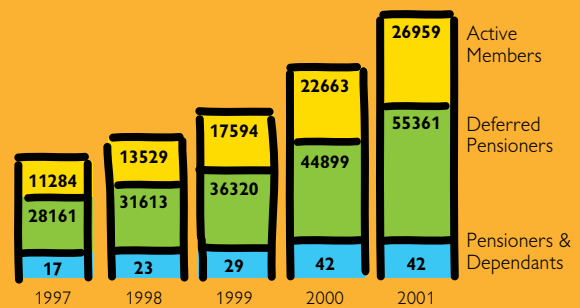
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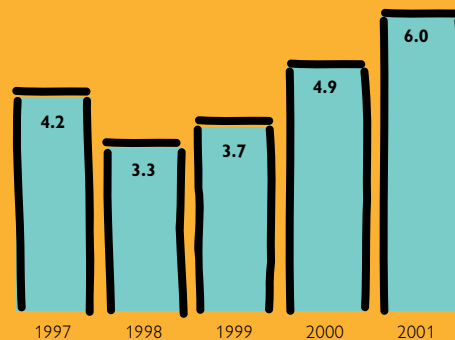
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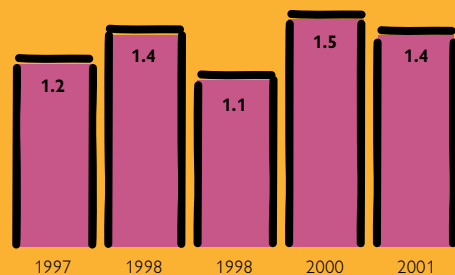
FIVE YEAR SUMMARY



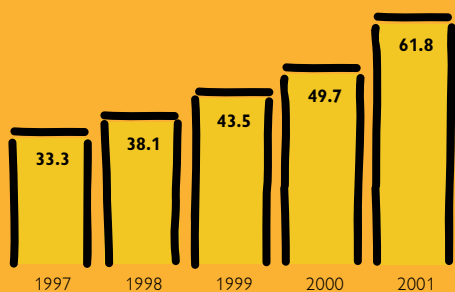
Membership



Income £m



Expenditure £m



Fund Value £m

RETIREMENT TRUST

The Trust provides benefits for members and their dependants, both in service and in retirement, based on the build-up of a fund of money (which is then used to purchase an annuity from an insurance company where a regular pension is paid).

The Trust:

- is open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;
- is governed by the Definitive Trust Deed and approved by the Inland Revenue as a Simplified Defined Contribution Scheme under the Income and Corporation Taxes Act 1988;
- is contracted-out of the State Earnings-Related Pension Scheme.

This Report should be read in conjunction with the information set out on pages 2 to 9.

SUMMARY OF BENEFITS



This is only a brief outline of the Trust. Further details can be found in the 'Kingfisher Retirement Trust Members' Guide', available online at our website www.kgbd.co.uk, from personnel departments or from the person named for your company on pages 58 to 59. The legal position is covered by the Trust Deed and Rules, copies of which are available to members. Legal reliance should only be placed on this formal document.

The Trust provides benefits for virtually no reduction in take-home pay for a tax-paying member.

Contributions to the With-Profits Fund build up as a fund of money (as explained on page 48), plus bonuses, which is then used to buy benefits.

Because the unit-linked funds will rise and fall in line with the underlying investments, the value of a member's contributions can fall as well as rise.

Benefits, apart from the lump sum on death, therefore depend on the amount of money built up and the rate at which benefits (such as a pension) can be purchased. Consequently, there is no requirement for an actuary's statement.

The main features are:

➔ ON JOINING

A minimum contribution from the employing company of 1% of pay plus an amount equivalent to the reduction in National Insurance contributions as a result of being contracted-out of SERPS.

➔ ON RETIREMENT

A tax-free lump sum plus a pension. Members have two accounts, the Basic (into which is paid the NI contribution and the company equivalent) and Top-up (into which is paid any additional company contribution and AVCs); the money built up in the Basic Account will be used to buy a pension that will be subject to annual increases.

➔ ON DEATH

While in employment, a lump sum of two times salary is payable (this benefit is paid via the final salary Kingfisher Pension Scheme).

➔ ON LEAVING

Benefits may be deferred until retirement or taken as a transfer payment to a new employer or personal arrangement. The value of a member's fund remains invested and continues to enjoy the returns generated by the respective funds. A transfer payment represents the value built up in the Trust to the date of transfer. When transferring, a member may not get the full value of their fund as the Market Level Adjustment (MLA) may be applied. This serves to protect members remaining in the With-Profits fund at a time when markets are depressed or when returns earned by the With-Profits Fund are less than the annual bonus.

➔ STATE PENSION

Members retain their right to the Basic (Old Age) State Pension.

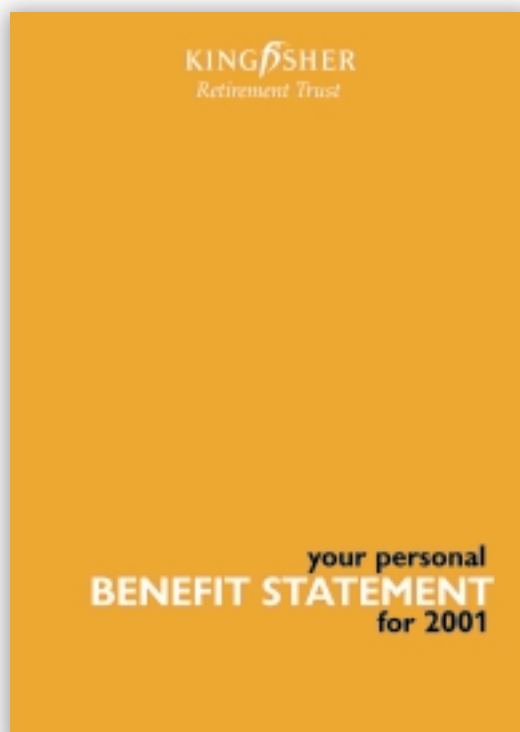
ADDITIONAL VOLUNTARY CONTRIBUTIONS

AVCs provide an opportunity for members of the Trust to increase their retirement benefits. AVCs are a tax-efficient way of providing extra benefits as the amount members pay in contributions is, under current legislation, subject to tax relief at the member's highest rate of taxation and the fund builds up in a favourable tax environment.

All AVCs have been invested with Eagle Star since 1 October 1993. Members have a choice of Eagle Star's With-Profits fund or a range of other unit-linked funds (see Investment on page 48). The value of units purchased in some of these unit-linked funds is subject to fluctuation as they are not guaranteed and so can fall in value as well as rise.

Further information is available from personnel departments or from the person named for your company on pages 58 to 59.

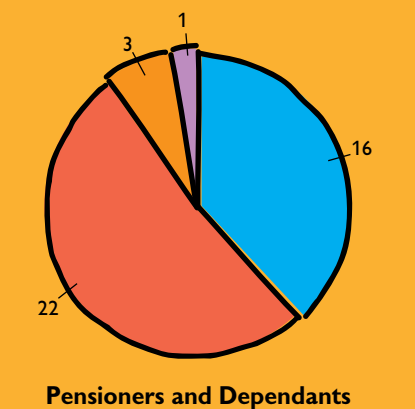
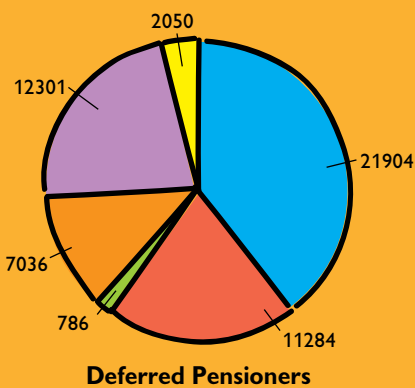
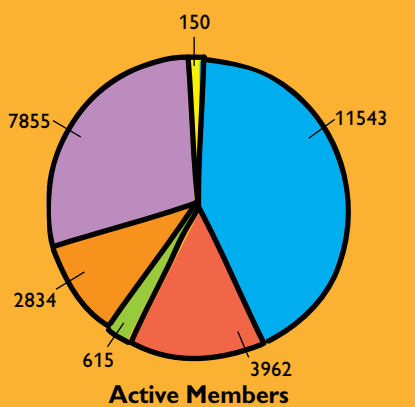
At the year end, there were 56 active members paying AVCs (2000: 24 members).



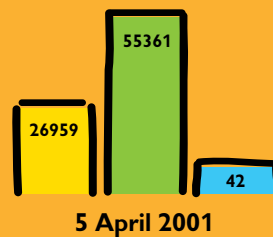
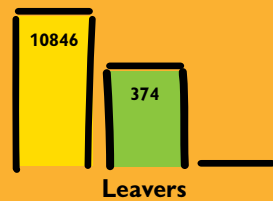
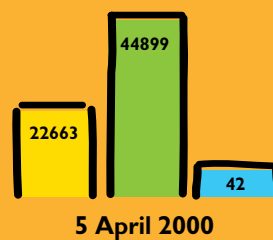
MEMBERSHIP

Membership is open to all employees satisfying the entry qualifications set by their employer, which are broadly similar. The categories of membership within the Trust are shown opposite:

MEMBERSHIP BY OPERATING COMPANY



CHANGES IN MEMBERSHIP DURING THE YEAR



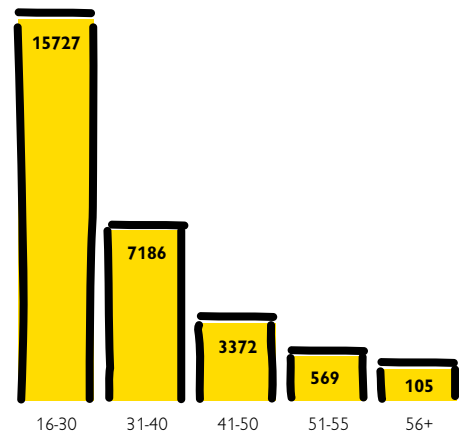
➔ **Active members** - currently contributing employees who are members of the Trust.

All active members are automatically members of the Kingfisher Pension Scheme only for the purpose of the lump sum payable on death. This is done in order to provide the benefit in a cost-effective way.

Men and women over a recommended age (57 for a woman and 59 for a man) will be automatically withdrawn and be reinstated in SERPS unless they elect to remain in the Trust or join the final salary Pension Scheme, because from these ages they may not build up as high a level of benefits under the Trust up to age 60 as they could in SERPS.

➔ **Deferred pensioners** - active members who have left service or otherwise ceased active membership and have the right to a future pension from the Trust.

➔ **Pensioners** – on retirement, members have the right to purchase an annuity with any approved provider.



AGE PROFILE OF ACTIVE MEMBERS

CONTRIBUTIONS

Members of the Trust who pay National Insurance (NI) contributions enjoy a reduction in the rate of contributions they pay. This reduction is known as the 'NI rebate'.

For the year to 5 April 2001, the NI rebate for Trust members is calculated on an age-related basis and is paid in two instalments as follows:

1. a minimum of 2.2% of relevant earnings (employee, 1.6% grossed-up at the basic rate of Income Tax and employer, 0.6%) paid on a monthly basis, plus
2. an additional amount, depending on the member's age, which could bring the total up to a maximum of 9% of relevant earnings paid via the DSS after the end of the Trust year.

From April 2001, the limit on earnings that can count for pensions purposes (the Pensions Cap) in respect of members of pension schemes who joined after May 1989 increased from £91,800 to £95,400.

INVESTMENT

All the assets of the Trust, including members' AVCs but excluding cash required for transaction purposes, are presently invested in the range of funds managed by Eagle Star and detailed below.

➔ THE WITH-PROFITS FUND

The with-profits concept offers the opportunity for good equity-type long-term returns, coupled with the capital security not available from direct investment.

Contributions are invested in a broad range of stocks, shares and property. All of these assets can, of course, fall in value, but the bonus structure of the With-Profits Fund ensures that the fund is able to provide steady growth with a guarantee that if the monies are left in the fund until retirement, they will only increase in value.

When shares and property do well, the bonus will be lower than the increase in the value of the fund, because some of the bonus is held back and put in reserve. In other years, when shares and property may perform poorly, the bonus may be more than the fund has actually earned because this reserve is drawn on to make sure that members receive a steady year-on-year growth.

As mentioned in the Chairman's Review, during the year, the Trustees reviewed the with-profits arrangements and decided to transfer members to a new version of the With-Profits Fund. In addition to a simplified charging structure and potentially better investment returns, members' funds were increased, on average, by 9.6% as a result of these changes.

The default fund used is the Unitised With-Profits Pension Fund of Eagle Star Life Assurance Company Limited.

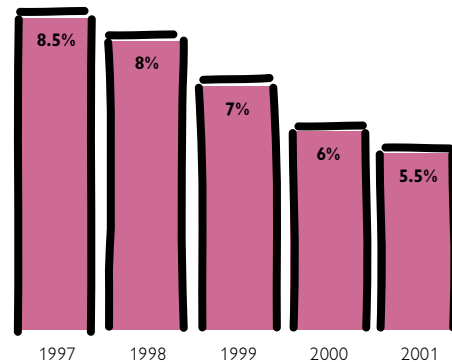
Members receive an annual Benefit Statement showing how their funds are building up.

The Trust does not hold shares directly in Kingfisher plc.

From 12 March 2001, the annual bonus rate has been set at 5.5%.

In addition, dependent on market conditions, there may be an additional bonus (the terminal bonus) available.

For the Trust year 2000/2001, Eagle Star was remunerated by an annual management charge of 1% of the value of each member's fund. This charge is allowed for in the unit prices for each of the funds. During 2000/2001 year, a fee was paid to the Trust for administration amounting to £200,992 which corresponds to an additional deduction of 0.34% from each member's account.



**WITH-PROFITS FUND
ANNUAL BONUS RATE**

➔ **UNIT-LINKED FUNDS**

Members can, if they wish, choose to invest their contributions in a range of unit-linked funds, also provided by Eagle Star, which provide a range of risk and return.

The range of funds available has been considerably widened this year. Screwfix wanted their members to have a wider choice of funds; after review, the Trustees agreed, but extended the range to all of the participating companies.

The unit-linked funds currently available are:

➔ **NO RISK FUND**

Money Pension Fund

➔ **LOWER RISK FUNDS**

Long Dated Gilt Pension Fund
Managed Pension Fund

➔ **MEDIUM RISK FUNDS**

Environmental Opportunities Pension Fund
Equity Managed Pension Fund
UK Index Tracker Pension Fund

➔ **HIGHER RISK FUNDS**

Adventurous Pension Fund

Members also have the option of investing in the Lifestyle Investment Strategy which is primarily for investors who do not wish to regularly review their investment decisions.

Members can choose to split their contributions between the Unitised With-Profits Fund and the unit-linked funds.

➔ **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.

As a result of the pooled nature of the Retirement Trust investments, the Trustee Board accepts that the investment manager has responsibility for the selection, retention and realisation of investments. The Trustee Board believes that all companies should be run in a socially responsible way, as in the long run this should contribute to the success of those companies, but equally recognises its fiduciary responsibility to act in the best financial interests of the Trust's members. Therefore, the Trustee Board's policy is that the extent to which social, environmental or ethical considerations may have a financial impact on the portfolio should be taken into account by the investment manager in the exercise of its delegated duties.

AUDITORS' REPORT

To the Trustees of the Kingfisher Retirement Trust.

We have audited the Financial Statement and Notes (the Accounts) on pages 52 to 56.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described on page 51, the Trustees are responsible for obtaining audited accounts which comply with applicable United Kingdom law and Accounting Standards. They are also responsible for making available, commonly in the form of a Trustee's Report, certain other information about the Scheme which complies with applicable United Kingdom law. Further, as described on page 51, they are responsible for ensuring that a payment schedule of contributions payable to the Trust is prepared and maintained, and for ensuring that contributions are made to the Trust in accordance with that Schedule. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the Accounts give 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 our opinion as to whether the contributions have been paid in accordance with the payment schedule and if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and other information accompanying the Accounts and consider whether it is consistent with those Accounts. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Accounts.

BASES OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the Accounts and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed. The work that we carried out also included an examination, on a test basis, of evidence relevant to the amounts of contributions paid to the Trust and the timing of those payments.

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 Accounts are free from material mis-statement, whether caused by fraud or other irregularity or error, and that contributions have been paid in accordance with the payment schedules effective 6 April 2000 prepared in accordance with the Pensions Act 1995. In forming our opinions, we also evaluated the overall adequacy of the presentation of the information in the Accounts.

OPINIONS

In our opinion, the Accounts give a true and fair view of the financial transactions of the Trust during the year ended 5 April 2001 and of the disposition at that date of the assets and liabilities (other than liabilities to pay pensions and benefits after the end of the Trust year) and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

In our opinion, contributions for the Trust year ended 5 April 2001 have been paid in accordance with the payment schedule effective 6 April 2000.

KPMG
Chartered Accountants, Registered Auditors
1 Canada Square, Canary Wharf, London E14 5AJ

3 July 2001

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The audited Accounts are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Trust members, beneficiaries and certain other parties, audited accounts for each year which:

- show a true and fair view of the financial transactions of the Trust during the Trust year, and of the amount and disposition at the end of the Trust year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Trust year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the Accounts and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustees are also responsible for making available each year, commonly in the form of a Trustees' Annual Report, information about the Trust prescribed by pensions legislation, which they should ensure is consistent with the audited Accounts it accompanies.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and, from time-to-time, revised, a payment schedule showing the rates of contributions payable towards the Trust by or on behalf of the Employer and the active members of the Trust, and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records of contributions received in respect of any active member of the Trust, and for ensuring that contributions are made to the Trust in accordance with the payment schedule.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept, and for taking such steps as are reasonably open to it to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

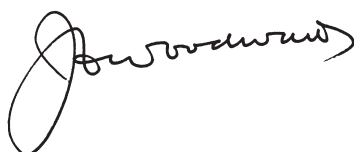
FINANCIAL STATEMENT for the period ended 5 April 2001

	Notes	2001		2000	
		£'000	£'000	£'000	£'000
Net assets at the beginning of the year			49,744		43,490
Contributions & Benefits					
Contributions	3	4,883		3,864	
Transfer Values	4	171		31	
Age-related Rebates	3	871		1,027	
Other Income		61		14	
		5,986		4,936	
Benefits Payable	5	114		64	
Leavers - Transfers-out	6	926		1,133	
Administrative Expenses	7	316		301	
		1,356		1,498	
Net additions from dealings with members		4,630		3,438	
Returns on investments					
Change in market value of investments	2	7,740		3,216	
Eagle Star Charges	2	(281)		(400)	
		7,459		2,816	
Net increase in fund during the year			12,089		6,254
Net assets at the end of the year			61,833		49,744
Assets designated to members					
Managed funds	2	61,447		49,599	
Bank Accounts		(293)		1,116	
Debtors	8	-		20	
Creditors	9	(202)		(1,136)	
		60,952		49,599	
Assets not designated to members					
Managed funds	2	216		127	
Debtors	8	10		19	
Bank Accounts		1,835		43	
Creditors	9	(1,180)		(44)	
		881		145	
Net Assets of the Trust at the end of the year			61,833		49,744

The Notes on pages 53 to 57 form part of this Financial Statement.



R.E. Jones



J.C. Woodward

NOTES TO THE FINANCIAL STATEMENT

1. Accounting Policies

This Financial Statement has been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes.

The Financial Statement summarises the transactions of the Trust and deals with the net assets at the disposal of the Trustee Board. It does not take account of obligations to pay pensions and benefits which fall due after the end of the Trust year.

The following accounting policies have been applied:

- a) Employee contributions are accrued from the date of deduction from payroll, and employer contributions are accrued for in accordance with the Payment Schedule. Age-related rebates are accounted for on a cash basis.
- b) Benefits are accounted for on an accruals basis, except where the member has a choice of benefits, in which case a cash basis is used.
- c) Individual transfer values to or from other schemes are accounted for on a cash basis. Group transfers are accounted for on a cash basis except where the Trustee Board has agreed to accept the liability in advance of the funds, in which case the transfer is accrued in accordance with the terms of the agreement.
- d) Investments are held in an insurance policy with Eagle Star. The units held in the policy are valued at the bid price at the date nearest to 5 April 2001.
- e) Deposit interest has been accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENT

2. Investments

Investments purchased by the Trust are allocated to provide benefits to the individuals on whose behalf the corresponding contributions were paid. Accordingly, the assets identified as designated to members in the Net Assets statement do not form a common pool of assets available for members generally. Members each receive an annual statement confirming the contributions paid on their behalf and the value of the money purchase rights. The movements in investments during the year were:

	Assets designated to members £'000	Trustee Unallocated Account £'000	Total £'000
Market value at 6 April 2000	49,599	127	49,726
Purchases at cost	5,616	-	5,616
Surrenders from member accounts	(1,023)	-	(1,023)
Surrenders for expenses	-	(115)	115
Amounts owed to expenses account	(201)	201	-
Change in market value of investments	7,737	3	7,740
Less Eagle Star Management Charges	(281)	-	(281)
Market value at 5 April 2001	61,447	216	61,663

The transfer to the Trustee Unallocated Account is remitted by the investment provider to meet the costs of administration of the Trust. Purchases include contributions and transfers-in invested before the period end.

Included in the above amounts are AVCs as follows:

AVCs receivable during the year amount to £23,308 (2000: £15,636). The total AVC fund value is £67,642 (2000: £38,984).

3. Contributions

3.1

	Members £'000	Company £'000	Total £'000
2001			
B&Q	1,041	1,333	2,374
Comet	500	499	999
Superdrug	200	251	451
Woolworths	367	482	849
Others	99	111	210
Total Contributions	2,207	2,676	4,883
2000			
B&Q	881	974	1,855
Comet	396	391	787
Superdrug	175	222	397
Woolworths	302	385	687
Others	56	82	138
Total Contributions	1,810	2,054	3,864

NOTES TO THE FINANCIAL STATEMENT

3. Contributions (cont'd)

3.2 Age-Related Rebates

Age-Related Rebates are normally paid by the DSS after the Trust year to which they relate.

4. Transfer Values

	2001 £'000	2000 £'000
Individual transfers-in from other schemes	171	31
Total	171	31

5. Benefits Payable

	2001 £'000	2000 £'000
Lump sums on retirement	33	19
Lump sums on death	63	20
Purchase of annuities to match preserved benefits	18	25
Total	114	64

6. Leavers – Transfers-out

	2001 £'000	2000 £'000
Individual transfers-out	926	1,133
Total	926	1,133

7. Administrative Expenses

The Trust bears all its administration expenses. These expenses consist of the costs incurred on behalf of the Trustee Board by the Group Benefits Department and are detailed below.

	2001 £'000	2000 £'000
Staff costs	125	110
Rent, rates and service charges	26	23
Professional fees	29	24
Communications and printing	79	72
General	34	23
Computers	23	49
Total	316	301

NOTES TO THE FINANCIAL STATEMENT

8. Debtors

	2001 £'000	2000 £'000
Designated to members		
Payments from Eagle Star	-	20
Total	-	20
Not designated to members		
VAT	10	15
Due from Kingfisher plc re. VAT claim	-	4
Administration expenses	-	-
Total	10	19

9. Creditors

	2001 £'000	2000 £'000
Designated to members		
Monies due to Eagle Star	-	1,117
Payments due to members	23	19
Monies due to operating companies	179	-
Total	492	1,136
Not designated to members		
Deferred income*	1,079	-
Tax payable	4	2
Inter-company expenses due to:		
Kingfisher Pension Scheme	78	22
Kingfisher plc	1	-
Expenses	18	20
Total	1,180	44

* This item represents monies received from Eagle Star. The Trustees have decided to apply this to cover future years' expenses which would otherwise be deducted from members' accounts.

10. Related Parties

Kingfisher plc pays some administration expenses on behalf of the Trust, which amounted to £25,800 in the year ending 5 April 2001 (2000: £21,000), and subsequently recharges these to the Trust.

Kingfisher Pension Scheme pays some expenses on behalf of Kingfisher Retirement Trust, which amounted to £148,600 in the year ending 5 April 2001 (2000: £113,034), and recharges these to the Trust.

Transfer values of £757,700 (2000: £672,164) were paid to the Kingfisher Pension Scheme from the Trust.

ADVISORS AND INVESTMENT MANAGER

Actuaries

Watson Wyatt Partners

Auditors

KPMG

Bankers

Barclays Bank PLC

Investment Manager

Eagle Star Life Assurance Company Limited

Solicitors

Rowe & Maw


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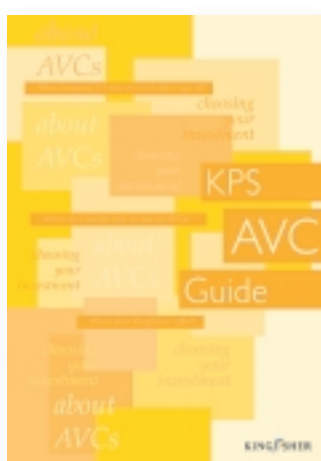
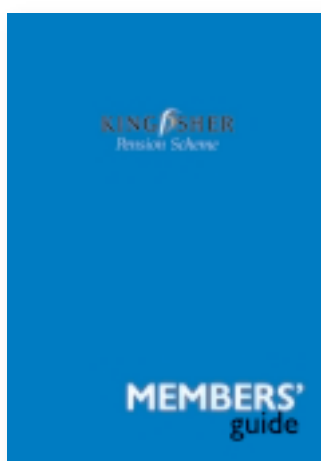
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PUBLICATIONS FOR MEMBERS



PUBLICATIONS FOR PENSIONERS



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