COMET GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2011

Company registration number: 278576

COMET GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011

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COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2011

The directors present their report and audited financial statements of the Company for the year ended 30 April 2011

The Company is a wholly owned subsidiary of Kesa Electricals plc, a company listed on both the London and Paris stock exchanges

BUSINESS REVIEW AND PRINCIPAL ACTIVITES

The Company trades as an electrical retailer through stores, transactional websites including www comet co uk , and a call centre, all located in the United Kingdom As well as selling to the consumers the Company undertakes "Business to Business" sales

The principal products sold by the Company are categorised as Consumer Electronics and Home Appliances along with related products and services

Consumer Electronic goods include vision, audio, photographic, communications, games and multimedia products Rapid technological advances offering substantial improvements in quality, functionality, interactivity and design are typical characteristics of products in this market

Home Appliances include washing machines and tumble dryers, fridges and freezers, gas and electric cookers, microwave ovens, vacuum cleaners and small kitchen and other domestic products such as kettles, toasters and irons Although these products benefit from innovation, fashion and improved design, they are largely dependent on the replacement cycle in mature markets

The Company also provides extended service plans, customer support arrangements and financing products for its customers

The trading environment in the year has remained difficult due to global economic pressures Following a strong first quarter supported by the television sales prompted by the World Cup and a one–off multimedia initiative, market conditions deteriorated and slowed further in the final quarter following the increase in VAT As a result sales fell by 6 8% and margin rates were affected by a high level of promotional activity Progress was made in increasing the mix of accessories and small domestic appliances which are more profitable There remains a continued focus on customer service from initial point of contact through to after sales service Our multi-channel offering continues to create an integrated proposition for the customer, particularly through offerings such as click & collect and the www comet co uk website which were moved to a new platform during the year The directors partly mitigated the impact of the reduced sales and margin with a strong focus on cost control in the year

FUTURE OUTLOOK

The low level of consumer confidence continues to be a challenge that impacts the whole of the retail sector This exacerbates the effect of the government's fiscal recovery plans that are likely to restrict levels of household disposable income In these conditions, the Company continues to be focused on its vision, value and behaviours and to demonstrate its passion for service by giving every customer the best possible experience Comet aims to improve profitability with plans to improve margin through a number of initiatives as well as continuing to control cost In addition to the day-to-day cost management, Comet is consolidating its 14 regional service centres to two sites, reducing the warehouse network from three to two as part of a retender of logistic services and has reduced head office headcount An exceptional charge of £17 5m was incurred during the year, with annualised benefits expected to be £9 7m The Company will continue to invest in its store portfolio with further enhancement to product merchandising and space allocation It anticipates that it will close approximately nine stores in the next year, mainly as leases on older stores expire The Company also intends to reduce the size of a number of stores where excess space can be sublet or returned to the landlord to reduce the rental expense The Company will focus on development of its on-line business building on the web platform introduced during the year

COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2011 (Continued)

NET DEBT

At the year end, the Company had net debt of £67 5m (2010 £37 0m), an increase in the year of £30 5m Net debt is comprised of bank overdraft, cash at bank and in hand, finance lease creditors and amounts owed from or to parent company

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the principal risks to achieving the Company's objectives are those set out below

a) Economic and market conditions

The economic environment influences the level of consumer expenditure on electrical goods in a number of ways Activity in the housing market impacts spending on large Home Appliances in particular and consumer confidence has a significant influence on discretionary spending on higher value electrical products Many other economic factors influence customers' spending decisions, including interest rates and levels of personal debt

Customers look for competitive prices on a wide range of products, as well as excellent service before, during and after the sale The Company operates in a highly competitive market The Company's business is seasonal, with a high percentage of its annual sales and operating profit generated during the build up to Christmas and the post Christmas promotional periods Unlike some other parts of the retail sector, electrical retailers have limited opportunities to compensate at other times of the year for any material shortfalls in sales during their peak season

Consumer demand, manufacturer supply, competition and government regulations all impact margins The Company protects margins, as far as possible, through its international buying arrangements and by maintaining an efficient sourcing operation Cost structures are actively managed in order to mitigate the impact of product margin erosion

b) Product life cycles

Certain electrical products are subject to rapid technological change, which shortens their economic life Electrical goods are often subject to price deflation as the production of new products and the adoption of new technologies grows and availability increases Careful management of stock levels is needed in order to avoid loss of value and the risk of stock obsolescence when products are superseded

c) Systems failure

The Company depends on the suitability and reliability of systems and procedures, especially information technology, warehousing and distribution systems, and has developed a range of procedures to deal with systems problems as they arise

d) Legislative, reputational and regulatory risks

The Company's operations are subject to extensive regulatory requirements These tend to be in relation to products, advertising, marketing and sales practices, employment and pensions policies and planning and environmental issues Changes in laws and regulations and their enforcement may impact on the Company's business in terms of costs, changes to business practices and restrictions on activities or may even lead to damage to the Company's reputation and brands

Tax laws that apply to the company's businesses may be amended by the relevant authorities, for example as a result of changes in fiscal circumstances or priorities Such potential amendments and their application to the Company are regularly monitored and, if relevant and appropriate, actions are taken to ensure ongoing efficiency

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

d) Legislative, reputational and regulatory risks (continued)

The EC Directive on Waste Electrical and Electronic Equipment (WEEE), came into force in July 2007 Comet Group plc has implemented its producer responsibility solution, by signing up to the Retail Compliance Scheme run by WEEE compliance organisation Valpak on behalf of the British Retail Consortium

e) Pension risk and policies

Comet operates defined benefit and contribution pension schemes The defined benefit scheme was closed to future accrual on 1 October 2007 The fund is subject to certain risks which centre around the amount of the liabilities as a result of changes in life expectancy, inflation and future salary increases, as well as risks regarding the value of investments and the returns derived from such investments Pension fund legislation can also cause deficits and uncertainties in the defined benefit scheme The defined benefit scheme uses inflation and interest rate swaps to reduce these inflation and interest rate risks The Company carried out an exercise during the year which significantly reduced the impact of future salary increases on the defined benefit scheme liabilities This involved the removal of the final salary link and an enhanced transfer value offer

f) Treasury risks

The Company publishes its financial statements in sterling and conducts business in several foreign currencies, primarily US dollars and Euros As a result, it is subject to foreign currency exchange risk from exchange movements affecting the Company's sterling transactions

No foreign exchange transaction may be undertaken without the express permission of the Kesa group treasury team, which is responsible for all hedging transactions Any foreign exchange transaction must be demonstrably linked to an underlying exposure and the hedge must be continually monitored through the life of the transaction to ensure it remains effective and appropriate

The treasury policy requires that all committed and quantifiable transactional foreign exchange risk must be hedged, up to a maximum of 12 months forward, using forward foreign exchange contracts The gain or loss on the hedge is taken to the profit and loss account

g) Leased properties

Almost all of the Company's properties are leasehold, and the Company is therefore exposed to substantial increases in commercial property rents depending on the level of market rent at the time of review

KEY PERFORMANCE INDICATORS

The board monitors the delivery of the Company's strategic objectives through key performance indicators and ongoing review of the Company's operations

Financial KPIs are

- Sales movement - Sales decline was 6 8% when comparing the year ended 30 April 2011 with the year ended 30 April 2010

- Like for like sales movement (same store sales, year on year) - Like for like decline was 7 7% when comparing the year ended 30 April 2011 with the year ended 30 April 2010

- Retail loss (excluding restructuring costs of £17 5m) was £16 5m for the year ended 30 April 2011, compared to a Retail profit of £4 3m (excluding restructuring costs of £0 4m) for the year ended 30 April 2010

INVESTMENT

Significant investment was made in the store portfolio in the year with 44 older "core" stores refitted This was aimed at providing a consistent customer brand experience to a wider market, in particular improving the display and space productivity of Consumer Electronics This resulted in a significant improvement in the sales performance in these stores Three new stores were opened and five were closed

RESULTS AND DIVIDENDS

The loss on ordinary activities after taxation during the year amounted to £31,779,000 (Year ended 30 April 2010 loss of £3,769,000) No dividend was received from Comet Financial Services Limited, a wholly owned subsidiary (Year ended 30 April 2010 £106,000) The directors recommend that no dividend be paid (Year ended 30 April 2010 £nil) and the loss for the year be deducted from accumulated reserves

The directors have reviewed the classification of certain cost items during the year, which has resulted in a more appropriate classification by function The 2010 amounts have been restated where relevant There is no impact on operating profit

IMMEDIATE PARENT

On 24 February 2011 the immediate parent company, Kesa International Limited, transferred ownership of the entire ordinary share capital of Comet Group plc to Kesa Holdings Limited

ISSUE OF SHARE CAPITAL

On 29 April 2011 the Company issued 20,000,000 Ordinary Shares of £1 each to its immediate Parent Company, Kesa Holdings Limited, for a consideration of £20,000,000

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks Kesa Electricals plc, the Company's ultimate parent undertaking, has in place a risk management programme that seeks to limit the adverse affects on the financial performance of the group and its subsidiaries by setting and reviewing financial strategies for the group as a whole The Kesa Group treasury team manages liquidity and exposure to funding, credit, price, interest rate and foreign exchange rate risks This team uses a combination of derivative and conventional financial instruments to manage the underlying financial risks

Treasury operations are conducted within a framework of Kesa board-approved policies and guidelines, which are recommended and monitored by the Kesa treasury committee These policies and guidelines include bank exposure limits and hedge cover levels for each of the key areas of treasury risk The Kesa board and Kesa treasury committee receive monthly reports covering the activities of Group treasury Comet Group plc receives all of its funding requirements from the Kesa group treasury operations

PAYMENTS TO SUPPLIERS

The company's policy is that it agrees payment terms with its suppliers of goods and services and does not extend or amend those terms without prior agreement ensuring that disputes in relation to contested charges are promptly handled

The average number of trade creditor payment days at the year end was 36 (Year ended 30 April 2010 37 days) based on the ratio of trade creditors at the end of the year to the amounts invoiced during the year by trade creditors

EMPLOYEE INVOLVEMENT

The board regards employee involvement and effective communication as being essential to foster good employee relations, to achieve improved performance and productivity, to enhance the quality of working life and to gain commitment to the Company's business objectives

We have platforms for our employees to be heard and we value their input on how the business is being run Our communication channels include regular workers councils where issues are discussed with representatives from across the organisation We also have many other forums for discussion and we regularly conduct employee surveys which allow management to take a wide range of viewpoints into account and to encourage colleague involvement Normal day-to-day process of briefing employees through line management and the periodic publication of an in-house newsletter are also undertaken An all employee share savings plan exists for employees

DISABLED PERSONS

It is the Company's policy to give full and fair consideration to the possibility of employing disabled persons wherever suitable opportunities exist Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions

BOARD OF DIRECTORS

The Directors who held office during the year and up to the date of signing of the financial statements were

H J Harvey	(Resigned 6 May 2011)
R F J Darke	
D J Platt	
T Falque-Pierrotin	
M Rooney	
T R Lousada	(Resigned 11 February 2011)
R Boult	(Resigned 11 February 2011)
S Enoch	(Appointed 29 March 2011)
P Terrier	(Appointed 29 March 2011)

Throughout the financial year, the company has maintained liability insurance for its directors and officers against the costs of defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings To the extent permitted by UK law, the company has also provided an indemnity for its directors and officers Neither the insurance nor the indemnity provides any cover where the director has acted fraudulently or dishonestly

T Falque-Pierrotin and D J Platt are directors of the holding company and details of their emoluments and shareholdings are reported in the directors' report in the accounts of Kesa Electricals plc

DONATIONS

Details of charitable donations are included in the accounts of the Company's ultimate parent company, Kesa Electricals plc No political donations or expenditure of a political nature were made during the year (30 April 2010 £nil)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

(1) So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
(2) each director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

By order of the Board

Michael Walters

M Walters
Company Secretary

27 July 2011

COMET GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board

M Walters
Company Secretary

21 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMET GROUP PLC

We have audited the financial statements of Comet Group plc for the year ended 30 April 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and,
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Deian Tecwyn (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
27 July 2011

COMET GROUP PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2011

	Note	Year ended 30 April 2011	(Restated) Year ended 30 April 2010
		£000	£000
Turnover	2	**1,478,201**	1,586,368
Cost of sales		**(1,104,266)**	(1,169,909)
Gross profit		**373,935**	416,459
Selling and distribution costs		**(385,721)**	(397,786)
Administrative expenses		**(43,984)**	(56,598)
Other operating income	3	**39,255**	42,248
Operating (loss) / profit before exceptional items		**(16,515)**	4,323
Exceptional items	4	**(17,501)**	(414)
Operating (loss) / profit		**(34,016)**	3,909
Income from share in group undertaking		**-**	106
(Loss) / profit on ordinary activities before interest and taxation		**(34,016)**	4,015
Interest receivable and similar income	5	**185**	498
Interest payable and similar charges	5	**(5,724)**	(7,464)
Loss on ordinary activities before taxation	6	**(39,555)**	(2,951)
Tax on loss on ordinary activities	9	**7,776**	(818)
Loss for the financial year	19,20	**(31,779)**	(3,769)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 2011		Year ended 30 April 2011	Year ended 30 April 2010
		£000	£000
Loss for the financial year		**(31,779)**	(3,769)
Actuarial loss in the pension scheme	24	**(3,600)**	(17,800)
Movement in tax relating to pension scheme and losses	9	**(74)**	4,984
Total recognised losses relating to the year		**(35,453)**	(16,585)

All of the items in the profit and loss account are in respect of continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

COMET GROUP PLC

BALANCE SHEET AS AT 30 APRIL 2011

	Note	30 April 2011	30 April 2010
		£000	£000
FIXED ASSETS			
Tangible assets	10	**98,961**	97,617
Investments	11	**100**	100
		99,061	97,717
CURRENT ASSETS			
Stock	12	**209,164**	215,904
Debtors	13	**71,112**	79,694
Cash at bank and in hand		**12,647**	6,712
		292,923	302,310
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	**(289,234)**	(266,059)
NET CURRENT ASSETS		**3,689**	36,251
TOTAL ASSETS LESS CURRENT LIABILITIES		**102,750**	133,968
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	**(16,016)**	(34,609)
PROVISIONS FOR LIABILITIES	15	**(13,232)**	(4,162)
NET ASSETS EXCLUDING PENSION DEFICIT		**73,502**	95,197
Pension deficit	24	**(30,118)**	(36,360)
NET ASSETS		**43,384**	58,837
CAPITAL AND RESERVES			
Called-up share capital	18	**40,000**	20,000
Profit and loss account	19	**3,384**	38,837
TOTAL SHAREHOLDERS' FUNDS	20	**43,384**	58,837

The financial statements on pages 9 to 32 were approved by the board of directors on 27 July 2011 and were signed on its behalf by

R F J Darke, Director

M Rooney, Director

Company registration number: 278576

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011

1. ACCOUNTING POLICIES

Accounting convention and standards

The financial statements of the Company have been prepared on a going concern basis under the historical cost convention and are in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

A summary of the more important accounting policies are summarised below All of these have been adopted consistently throughout the year and the preceding period

Turnover

Turnover represents retail sales and services, excluding value added tax and returns Turnover on delivered products is recognised upon delivery whilst turnover on non-delivered product is recognised at point of sale

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation of tangible fixed assets is provided to reflect a reduction from book value to estimated residual value over the useful life of the asset Depreciation is calculated by the straight line method, and the annual rates applicable to the principal categories are

Freehold land and buildings	-	5%
Short leasehold land and buildings	-	period to the next rent review
Fixtures, fittings and equipment	-	between 10% and 20%
Computers, electronic equipment and motor vehicles	-	between 25% and 50%

Impairment of assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (as cash-generating units) A discount rate is applied based upon the Company's weighted average cost of capital

Lease premiums and reverse lease premiums

Premiums receivable and capital contributions received from landlords for entering a lease are capitalised and amortised over the shorter of the life of the asset and the period of the lease until the first rent review These amounts are included within creditors as deferred income

Premiums payable for entering into a lease are written off over the life of the lease, except where the premium is linked to the grant of a rent free period, or where the rent is reduced below market levels, in which case the premium is written off over the period to the next rent review These amounts are included within short leasehold land and buildings

Profits and losses on disposal of leases and related assets are charged to operating profit to be consistent with the charging of rent on trading and idle properties

1. ACCOUNTING POLICIES (continued)

Leased assets

Where assets are held under finance leases the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding lease commitments are shown as obligations to the lessor, lease payments are split between capital and interest, and depreciation and interest on the relevant assets are charged to the profit and loss account All other leases are operating leases and the annual rentals are charged to the profit and loss account in the financial period to which the payment relates Assets held under finance leases are depreciated over their estimated useful lives or the term of the lease, whichever is shorter

Fixed asset investments

Investments are shown at cost less amounts provided for Provisions for temporary fluctuations in value are not made Impairments are reviewed annually by management and any impairments are recognised immediately

Stocks

Stocks are stated at the lower of a weighted average cost and net realisable value and consist of finished product purchased for resale Costs include overheads and supplier rebates directly attributable to stocks Where necessary, provision is made for obsolete, slow moving and defective stocks

Pensions

The Company operates a defined benefit scheme, the Comet pension scheme, and now offers employees a defined contribution scheme, the Comet stakeholder pension plan The defined benefit scheme was closed to new entrants on 1 April 2004 and closed to future accrual on 1 October 2007

The assets of the defined benefit scheme are held under trust and are entirely separate from the Company's assets

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, together with adjustments for past service costs which have not yet vested The liability is shown net of deferred tax

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using yields on high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised net of deferred tax in the statement of total recognised gains and losses

Past service costs are recognised immediately in the profit and loss account, unless changes to the pension plan are conditional on the employees remaining in service for a specified amount of time (the vesting period) In this case, the past service costs are amortised on a straight line basis over the vesting period

For the defined contribution scheme, the Company pays contributions to separately administered pension insurance plans The Company has no further obligation once the contributions have been paid The contributions are recognised as an expense in the profit and loss account when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or reduction in the future payments is available

1. ACCOUNTING POLICIES (continued)

Share-based compensation

The Company operates a number of equity-settled, share-based compensation plans The fair value of the employee services received in exchange for the grant of the options is recognised as an expense The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) Non-market vesting conditions are included in assumptions about the number of options that are expected to vest At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation

Foreign currencies

The Company's functional currency is Sterling Transactions expressed in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

Cash flow statements

As permitted by FRS 1 (Revised 1996) 'cash flow statements', no cash flow statement is provided as the Company is a wholly owned subsidiary undertaking of a company incorporated in the United Kingdom

Related party transactions

As permitted by FRS 8, 'related party disclosures', transactions with fellow subsidiary undertakings of Kesa Electricals plc, in which the parent company has a shareholding of 100%, and which eliminate on consolidation, have not been reported in these financial statements

2. TURNOVER

The Company operates only one class of business, electrical retailing, in the United Kingdom and consequently no segmental information is required

3. OTHER OPERATING INCOME

Other operating income includes financial services income, service plan and extended warranty commission and rents receivable

4. EXCEPTIONAL ITEMS

	Year ended 30 April 2011	Year ended 30 April 2010
	£000	£000
Redundancy costs	**6,067**	414
Property closure costs	**10,663**	-
Mechanical handling equipment leases	**571**	-
IT costs	**50**	-
Professional fees	**150**	-
	17,501	414

The reported results reflect one-off costs of £17 5m relating to Head Office (£1 9m), Service (£6 9m) and Distribution (£8 7m) restructuring

5. INTEREST PAYABLE AND RECEIVABLE

	Year ended 30 April 2011	Year ended 30 April 2010
	£000	£000
Interest payable on rents	**(61)**	(61)
Interest payable on taxation	**(1)**	-
Net finance cost – pensions (see note 24)	**(2,037)**	(4,456)
Interest payable to parent company	**(3,333)**	(2,682)
Interest payable to group companies	**(199)**	(150)
Interest payable on finance leases	**(93)**	(115)
Interest payable and similar charges	**(5,724)**	(7,464)
Interest receivable from parent company	**35**	23
Interest receivable on taxation	**124**	437
Interest on rents, rates and property transactions	**1**	21
Other interest receivable	**25**	17
Interest receivable and similar income	**185**	498

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

		Year ended 30 April 2011	Year ended 30 April 2010
		£000	£000
Loss on ordinary activities before taxation is stated after charging/(crediting)			
Rent receivable		(3,091)	(3,257)
Services provided by the Company's auditors			
- fees payable for the audit		165	186
- other services		458	100
Operating leases	- land and buildings	81,379	82,668
Operating leases	- plant and equipment	9,510	8,616
Depreciation	- owned assets	25,513	26,817
Depreciation	- leased assets	1,073	1,066
Impairment of owned assets		835	1,367
(Profit)/loss on disposal of fixed assets and leases		(400)	127
Staff costs		170,109	180,074

The directors have reviewed the classification of certain cost items during the year, which has resulted in a more appropriate classification by function The 2010 amounts have been restated where relevant The impact of the restatements on the prior year numbers are that cost of sales has decreased by £84 4m and selling and distribution expenses have increased by £84 4m There is no impact on operating profit Creditor days for 2010 have also been amended on a comparable basis from 34 days to 37 days

7. EMPLOYEES

	Year ended 30 April 2011	Year ended 30 April 2010
	£000	£000
Staff costs (including directors)		
Wages and salaries	150,073	158,618
Social security costs	12,276	13,391
Other pension costs (note 24)	7,760	8,065
	170,109	180,074

Average monthly number of persons employed (including directors)	Number	Number
Stores and Service	7,816	8,446
Distribution	756	719
Administration	438	501
	9,010	9,666

8. DIRECTORS' EMOLUMENTS

	Year ended 30 April 2011 £000	Year ended 30 April 2010 £000
Aggregate emoluments	**2,146**	1,987
Directors' remuneration includes the following amounts in respect of the highest paid director		
Aggregate amounts paid	**814**	589

During the period 5 of the directors exercised share options (Year ended 30 April 2010 none) and 7 (Year ended 30 April 2010 5) received qualifying service shares under long term incentive schemes

Aggregate emoluments stated above include £188,000 in respect of company contributions to the defined contribution pension scheme Aggregate emoluments to the highest paid director include £58,000 in respect of company contribution to the defined contribution pension scheme Three of the directors are accruing benefits under the defined contribution pension scheme (2010 five)

An annual pension of £23,608 (Year ended 30 April 2010 £23,053) had accrued to the highest paid director at 30 April 2011 under the Company's final salary scheme The Trustees of the pension scheme agreed that future accrual into the scheme ceased with effect from 30 September 2007

With effect from 1 October 2007, a defined contribution arrangement became the primary future pension arrangement for all directors The director contributes between 6 5% and 8 5% of salary and the Company contributes between 15% and 18% of salary dependent on the level of director contribution

Share and Long Term Incentive Plan Awards

During the year, the Company had two principal executive share award plans, the "Deferred Annual Bonus" (DAB) and "Performance Share Plan" (PSP), which was replaced in June 2010 by the "The Long Term Incentive Plan"

DAB and PSP

(i) A deferred annual bonus - An award of 15% of base salary subject to compulsory deferral into Investment Shares in Kesa Electricals plc received as part of the annual bonus To vest the employee must still be in employment with the group at the end of the 3 year deferred period,

(ii) A performance share plan in shares of Kesa Electricals plc where there is a base award equal to 30% of the director's basic salary, and the award is normally made irrespective of any achievement of group or operating company bonus targets or overall group financial performance The performance share plan is intended to both build a shareholding and reward individual performance as opposed to corporate performance An eligible executive may also receive up to a further 20% based on their personal performance and contribution to the group rather than on any specific financial metrics

8. DIRECTORS' EMOLUMENTS (continued)

Long Term Incentive Plan (LTIP)

(i) This replaced both the Deferred Annual Bonus and the Performance Share Plan in June 2010 to reward long-term retail profit and free cash flow The LTIP performance criteria are closely focused on the business achieving its Retail Profit (70%) and Free Cash Flow (30%) 3 year targets If the yearly results reach these figures, then the awards are potentially vested by 1/3 each year If the LTIP target is not met then the portion of the award for that year will lapse In addition to these annual targets, there is an LTIP underpin which is based on achieving 80% of the Retail Profit difference between Years 3 and 0 The underpin for the Free Cash Flow is at 100% of the targets aggregated over Years 1 to 3 If all the yearly targets and the underpin are met then 100% of the award will vest, provided the employee is still employed by the Group

(ii) The final vesting at the end of Year 3 is the sum of the final Retail Profit vesting and the final Free Cash Flow vesting

Deferred annual bonus

The following rights to shares in Kesa Electricals PLC are held by the directors under the terms of the deferred annual bonus

Name	At start of year	Granted during the year	Exercised during the year	Lapsed during the year	Grant date	Number of performance shares at end of year	Lapse date
R F J Darke	7,195	-	7,195	-	22/03/2007	-	22/03/2010
	10,101	-	-	-	24/06/2008	10,101	24/06/2011
	-	69,300	-	-	24/06/2010	69,300	24/06/2013
H J Harvey	12,209	-	12,209	-	22/03/2007	-	22/03/2010
	15,152	-	-	15,152	24/06/2008	-	24/06/2011
	27,887	-	-	27,887	24/06/2009	-	24/06/2012
T R Lousada	5,276	-	5,276	-	22/03/2007	-	22/03/2010
	8,333	-	-	8,333	24/06/2008	-	24/06/2011
M Rooney	5,280	-	5,280	-	22/03/2007	-	22/03/2010
	8,333	-	-	-	24/06/2008	8,333	24/06/2011
R Boult	14,773	-	-	14,773	24/06/2008	-	24/06/2011
S Enoch	14,607	-	-	-	24/06/2008	14,607	24/06/2011
	12,858	-	-	-	24/06/2009	12,858	24/06/2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011 (continued)

8. DIRECTORS' EMOLUMENTS (continued)

Performance Share Plan

The following rights to shares in Kesa Electricals PLC are held by the directors under the performance share plan

Name	At start of year	Granted during the year	Exercised during the year	Lapsed during the year	Grant date	Number of performance shares at end of year	Lapse date
R F J Darke	38,035	-	-	-	24/06/2008	38,035	24/06/2011
	60,274	-	-	-	24/06/2009	60,274	24/06/2012
H J Harvey	57,052	-	-	57,052	24/06/2008	-	24/06/2011
	85,479	-	-	85,479	24/06/2009	-	24/06/2012
T R Lousada	20,919	-	-	20,919	24/06/2008	-	24/06/2011
	33,790	-	-	33,790	24/06/2009	-	24/06/2012
M Rooney	20,919	-	-	-	24/06/2008	20,919	24/06/2011
	33,790	-	-	-	24/06/2009	33,790	24/06/2012
R Boult	24,723	-	-	24,723	24/06/2008	-	24/06/2011
	38,356	-	-	38,356	24/06/2009	-	24/06/2012
S Enoch	36,669	-	-	-	24/06/2008	36,669	24/06/2011
	58,109	-	-	-	24/06/2009	58,109	24/06/2012

Long Term Incentive Plan

The following rights to shares in Kesa Electricals PLC are held by the directors under the long term incentive plan

Name	At start of year	Granted during the year	Exercised during the year	Lapsed during the year	Grant date	Number of performance shares at end of year	Lapse date
R F J Darke	-	69,300	-	-	24/06/2010	69,300	24/06/2013
H J Harvey	-	174,000	-	174,000	24/06/2010	-	-
T R Lousada	-	55,000	-	55,000	24/06/2010	-	-
M Rooney	-	55,500	-	-	24/06/2010	55,500	24/06/2013
R Boult	-	63,000	-	63,000	24/06/2010	-	-
S Enoch	-	118,300	-	-	24/06/2010	118,300	24/06/2013
P Terrier	-	97,100	-	-	24/06/2010	97,100	24/06/2013

As at the close of the market on 28 April 2011 the share price was 129 00 pence Between 1 May 2010 and 30 April 2011, the lowest price was 99 2 pence and the highest price was 174 0 pence

8. DIRECTORS' EMOLUMENTS (continued)

Kesa share incentive plan

A UK HMRC approved share incentive plan is open to all eligible UK employees, including executive directors, in the UK Consistent with other plans of this type which are open to all employees, there are no performance criteria provisions Employees receive one matching share in Kesa Electricals plc for every four shares they acquire The following rights to shares are held by the following directors under the Kesa share incentive plan

	At start of period	Granted during the period	Exercised during the period	At end of period	Date from which exercisable
R F J Darke	2,804	-	-	2,804	June 2010
T R Lousada	4,958	-	4,958	-	June 2010
S Enoch	4,958	1,396	-	6,354	June 2010

Beneficial holdings

The beneficial interests of the directors in shares of Kesa Electricals plc, which include holdings by their spouses or other related parties are shown below

	30 April 2011	30 April 2010
H J Harvey	**71,041**	58,832
R F J Darke	**-**	3,731
M Rooney	**5,280**	-
S Enoch	**27,742**	19,658

9. TAX ON LOSS ON ORDINARY ACTIVITIES

		Year ended 30 April 2011	Year ended 30 April 2010
(a)	**UK corporation tax (credit)/charge on losses for the year at 28% (2010: 28%)**	**£000**	£000
	Current tax	**1,163**	5,639
	Adjustments in respect of prior periods	-	(244)
	Total current tax (see note 9(b))	**1,163**	5,395
	Deferred tax		
	Effect of change in rate of corporation tax	**1,415**	-
	Pension contribution relief below pension cost charge	-	728
	Deferred tax on accelerated capital allowances	**(6,618)**	(5,973)
	Deferred tax on other timing differences	**(4,350)**	130
	Prior year deferred tax	**614**	538
	Total deferred tax	**(8,939)**	(4,577)
	Tax on loss on ordinary activities	**(7,776)**	818
	Tax on items charged to equity:		
	Deferred tax charge/(credit) on retirement benefit obligations	**3,558**	(4,984)
	Corporation tax credit on retirement benefit obligations	**(1,163)**	-
	Deferred tax on tax losses not utilised in the year	**(2,321)**	-
		74	(4,984)

Current tax relief of £1,163k is recognised in equity on pension movements, equal to the current tax charge of £1,163k in the income statement

9. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the tax charge for the year

The standard rate of corporation tax in the UK changed from 28 per cent to 26 per cent with effect from 1 April 2011 We have chosen to reflect an effective rate of 28 per cent rather than the average rate of 27 8 per cent, as it does not have a material effect on the factors affecting the tax charge

The tax charge for the year is higher (Year ended 30 April 2010 higher) than the standard rate of corporation tax in the UK The differences are explained below

	Year ended 30 April 2011 £000	Year ended 30 April 2010 £000
Loss on ordinary activities before taxation	**(39,555)**	(2,951)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 28%)	**(11,075)**	(826)
Effects of		
Pension contribution relief below pension costs charge	-	(728)
Accelerated capital allowances	**6,618**	5,973
Other timing differences	**4,350**	(130)
Intergroup dividend not taxable	-	(30)
Expenses not deductible for tax	**1,410**	975
Capital gains (less than) / in excess of gains on property transactions	**(140)**	405
Adjustments in respect of prior periods	-	(244)
Current corporation tax charge for the year	**1,163**	5,395

As a result of the Finance Act (No 2) 2010 enacted on 20 July 2010 the main rate of UK corporation tax was amended from 28% to 27% with effect from 1 April 2011 Subsequent to this, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011 As such, the relevant deferred tax balances have been re-measured

Subsequent to the year end the main rate of corporation tax was reduced from 26% to 25% as of 1 April 2012, being substantively enacted on 5 July 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements The impact of reducing the rate of corporation tax to 23% is anticipated to reduce the value of the deferred tax asset balance by approximately £4 5m over the course of the next three years

10. TANGIBLE ASSETS

	Freehold land and buildings	Short leasehold land and buildings	Fixtures, fittings, equipment & motor vehicles	Computer equipment on finance lease	Total
	£000	£000	£000	£000	£000
Cost					
At 1 May 2010	670	4,491	290,184	7,915	303,260
Additions	-	-	30,729	-	30,729
Disposals	-	-	(8,336)	-	(8,336)
At 30 April 2011	670	4,491	312,577	7,915	325,653
Accumulated depreciation					
At 1 May 2010	52	4,175	195,766	5,650	205,643
Charge for the year	8	50	25,455	1,073	26,586
Impairment charge (see below)	-	-	835	-	835
Disposals	-	-	(6,372)	-	(6,372)
At 30 April 2011	60	4,225	215,684	6,723	226,692
Net book value :					
At 30 April 2011	**610**	**266**	**96,893**	**1,192**	**98,961**
At 30 April 2010	618	316	94,418	2,265	97,617

An asset is impaired when its carrying amount exceeds its recoverable amount Stores are reviewed on a quarterly basis to identify where the carrying value of a store's assets exceeds the net present value of future cash flows, in which case the store's assets are impaired

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011 (continued)

11. FIXED ASSET INVESTMENTS

	30 April 2011	30 April 2010
	£000	£000
Subsidiaries at cost and net book amount	**100**	100

The Company owns the entire issued ordinary share capital of the following principal subsidiary companies

	Nature of business	Country of registration and operation
Comet Financial Services Limited	Non-trading	England and Wales
Comet Radiovision Services Limited	Non-trading	England and Wales
I T Works Limited	Non-trading	England and Wales
Soundtwice Limited	Non-trading	England and Wales
Finance Works Limited	Non-trading	England and Wales
Starsense Limited	Non-trading	England and Wales
Comet Trustee Company Limited	Non-trading	England and Wales
Comet Limited	Non-trading	England and Wales
IT Therapy Limited	Non-trading	England and Wales

The Company is a wholly-owned subsidiary of Kesa Electricals plc and is included in the consolidated financial statements of Kesa Electricals plc which are publicly available Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

The directors believe that the book value of investments is supported by their underlying net assets

12. STOCK

	30 April 2011	30 April 2010
	£000	£000
Goods for resale	**209,164**	215,904

13. DEBTORS

	30 April 2011	30 April 2010
	£000	£000
Trade debtors	**28,262**	26,566
Amounts owed by fellow subsidiary undertakings	**686**	4,633
Amounts owed by parent company	**9**	20,003
Other debtors	**990**	520
Prepayments	**14,173**	12,240
Deferred taxation (note 16)	**26,992**	15,732
	71,112	79,694

Amounts owed by fellow subsidiary undertakings and parent company are unsecured, payable on demand and do not bear interest

14. CREDITORS

	30 April 2011	30 April 2010
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	**1,251**	5,788
Trade creditors	**109,212**	120,325
Amounts owed to parent company	**78,731**	36,647
Amounts owed to fellow subsidiary undertakings	**693**	109
Obligations under finance leases (note 17)	**162**	990
Corporation tax	**387**	6,386
Other taxation and social security	**17,782**	19,537
Other creditors	**8,922**	13,032
Accruals and deferred income	**72,094**	63,245
	289,234	266,059
Amounts falling due after one year:		
Subordinated loan from parent company	**-**	20,000
Accruals and deferred income	**16,016**	14,289
Obligations under finance leases (note 17)	**-**	320
	16,016	34,609

Amounts owed to fellow subsidiary undertakings are unsecured and do not bear interest Amounts due to parent company are unsecured and bear interest at a rate of 1 month LIBOR plus 300 basis points Kesa Electricals plc has confirmed provision of financial support The bank overdraft relates wholly to unpresented cheques, less uncredited lodgements The subordinated loan from the parent company bore interest at 7 348% per annum, being fixed at 5 year LIBOR at 5 July 2008 of 5 848% plus 150 basis points The loan was settled during the year Obligations under finance leases are secured on the assets to which they relate

15. PROVISIONS FOR LIABILITIES

	Idle Properties
	£000
At 1 May 2010	4,162
Credit to the profit and loss account	(2,700)
Created in the year	11,770
At 30 April 2011	**13,232**

The Company provides for future liabilities for all idle properties and those sublet at a shortfall The provision is based on the value of future cash outflows relating to rent, rates and service charges, with the majority expected to be utilised within 5 years and fully utilised by 2024

16. DEFERRED TAX

Deferred taxation in the financial statements as follows

	30 April 2011	30 April 2010
	£000	£000
Tax effects of timing differences due to:		
Accelerated capital allowances	**21,892**	16,729
Other timing differences	**5,100**	(997)
Deferred tax asset	**26,992**	15,732
Deferred tax asset on pension liability	**10,582**	14,140
Total deferred tax asset including deferred tax on pension liability	**37,574**	29,872

Deferred tax asset relating to pension deficit:	**£000**	£000
At 1 May 2010	**14,140**	9,884
Deferred tax charged to profit and loss account	**-**	(728)
Deferred tax (charged) / credited to statement of total recognised gains and losses	**(3,558)**	4,984
At 30 April 2011	**10,582**	14,140

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements within debtors (note 13)

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2011 (continued)

17. OBLIGATIONS UNDER FINANCE LEASES

	30 April 2011	30 April 2010
	£000	£000
Future minimum payments under finance leases are:		
Within one year	186	1,052
In more than one year, but not more than five years	-	343
	186	1,395
Less finance charges included above	(24)	(85)
At 30 April 2011	162	1,310

18. CALLED-UP-SHARE CAPITAL

	30 April 2011	30 April 2010
	£000	£000
Authorised:		
50,000,000 Ordinary shares of £1 each	50,000	50,000
Allotted and fully paid:		
40,000,000 (2010 20,000,000) Ordinary shares of £1 each	40,000	20,000

During the year 20,000,000 Ordinary £1 shares were allotted and paid for in full

19. PROFIT AND LOSS ACCOUNT

	Total
	£000
At 1 May 2010	38,837
Loss for the financial year	(31,779)
Actuarial loss in the pension scheme	(3,600)
Movement in tax relating to pension scheme and losses	(74)
At 30 April 2011	3,384

20. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	30 April 2011	30 April 2010
	£000	£000
Loss for the financial year	(31,779)	(3,769)
Issue of new share capital	20,000	-
Actuarial loss in the pension scheme	(3,600)	(17,800)
Movement in tax relating to pension scheme and losses	(74)	4,984
Net deduction from equity shareholders' funds	(15,453)	(16,585)
Opening shareholders' funds	58,837	75,422
Closing shareholders' funds	43,384	58,837

21. CAPITAL COMMITMENTS

	30 April 2011	30 April 2010
	£000	£000
Contracted but not provided	632	2,749

Capital commitments relate to IT projects of £0 2m and Service restructuring of £0 4m

22. CONTINGENT LIABILITIES

The Company has a Value Added Tax deferment guarantee in favour of HM Revenue and Customs for £2,000,000 (Year ended 30 April 2010 £3,000,000)

23. LEASE COMMITMENTS

	Land and buildings		Other assets	
	30 April 2011	30 April 2010	30 April 2011	30 April 2010
The Company has annual commitments under non-cancellable operating leases as follows	£000	£000	£000	£000
Expiring within one year	1,062	219	571	382
Expiring between two and five years inclusive	11,771	11,617	4,636	4,097
Expiring in over five years	68,117	69,712	61	17
	80,950	81,548	5,268	4,496

In the circumstances where a property is sublet no deduction is made from the lease commitment stated above in respect of sublet income

24. PENSION COMMITMENTS

The group operates one funded defined benefit pension scheme in the UK, the Comet Pension Scheme, with assets held in a separately administered fund The scheme was closed to new entrants on 1 April 2004 and closed to future accrual on 30 September 2007 All employees are offered access to a group defined contribution scheme

The most recent actuarial valuation of the scheme was carried out at 31 March 2010 by Punter Southall and Co, a qualified independent actuary and an FRS17 update based on this actuarial valuation was carried out as at 30 April 2011 by Lane, Clark & Peacock LLP, a qualified independent actuary The contribution made to the scheme in the accounting period was £14 1 million (Year ended 30 April 2010 £6 1 million) Contributions of £0 5 million per month have been made in respect of the scheme's deficit since March 2006

Pension costs for defined contribution schemes are as follows:

	30 April 2011	30 April 2010
	£m	£m
Defined contribution schemes included within staff costs	**7.8**	8 1

Of the total scheme contribution of £7 8 million (Year ended 30 April 2010 £8 1 million), £nil million (Year ended 30 April 2010 £1 9 million), £2 2 million (Year ended 30 April 2010 £2 4 million) and £5 6 million (Year ended 30 April 2010 £3 8 million) were included in cost of sales, administrative expenses and selling expenses respectively

A qualified, independent actuary, Lane, Clark & Peacock LLP, has updated the actuarial valuations of the Company's defined benefit scheme as at 30 April 2011 The principal assumptions made by the actuaries were

	30 April 2011	30 April 2010
Discount rate	**5.30%**	5 60%
Rate of increase in pensionable salaries	**3.40%**	4 85%
Rate of pension increases	**3.30%**	3 50%
Price inflation	**3.40%**	3 60%
Expected return on plan assets		
- Equities	**7.50%**	7 80%
- Gilts	**4.00%**	4 30%
- Bonds	**5.10%**	5 30%
- Equity derivatives	**7.90%**	8 00%
- Cash	**1.90%**	2 00%
- Dynamic asset allocation	**7.00%**	7 30%
- Real estate	**6.00%**	6 30%
- Other	**4.20%**	4 50%
Mortality assumptions	**2011**	2010
Life expectancy at age 60 for a male currently aged 60	**25.0**	24 9
Life expectancy at age 60 for a female currently aged 60	**27.4**	27 3
Life expectancy at age 60 for a male currently aged 40	**27.0**	26 9
Life expectancy at age 60 for a female currently aged 40	**28.6**	28 6

24. PENSION COMMITMENTS (continued)

Expected returns on plan assets are based on market expectations at the beginning of the period for returns over the entire life of the benefit obligation Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date Expected returns on equity and real estate investments reflect long-term real rates of return experienced in the respective markets

The Company has used PNA00 tables, weighted by 131% for males and 126% for females, with improvements in line with the medium cohort projections subject to a minimum increase of 1% per annum for males and 0 5 % for females

	30 April 2011	30 April 2010
	£m	£m
The amounts recognised in the balance sheet are determined as follows:		
Present value of defined benefit obligation	**293.8**	290 1
Fair value of plan assets	**(253.1)**	(239 6)
Deficit	**40.7**	50 5
Related deferred tax asset	**(10.6)**	(14 1)
Net liability recognised in the balance sheet	**30.1**	36 4

The major categories of plan assets as a percentage of total plan assets are as follows:	30 April 2011	30 April 2010
Equities	**19%**	19%
Gilts	**15%**	15%
Bonds	**18%**	17%
Equity derivatives	**16%**	14%
Cash	**2%**	3%
Dynamic asset allocation	**25%**	24%
Real Estate	**4%**	7%
Other	**1%**	1%

The amounts recognised in the profit and loss account are as follows:	30 April 2011	30 April 2010
	£m	£m
Current service cost	**-**	-
Interest cost	**15.9**	14 6
Expected return on plan assets	**(15.3)**	(11 1)
Administration costs	**1.4**	1 0
Total included within interest	**2.0**	4 5

A salary sacrifice scheme was introduced in respect of the Comet pension scheme on 1 July 2005

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011 (continued)

24. PENSION COMMITMENTS (continued)

Analysis of the movement in the defined benefit obligation during the year

	30 April 2011	30 April 2010
	£m	£m
Defined benefit obligation at start of the year	**290.1**	218 1
Interest cost	**15.9**	14 6
Liabilities extinguished on settlements	**(3.5)**	-
Benefits paid	**(24.0)**	(7 1)
Actuarial loss recognised in the STRGL	**15.3**	64 5
Defined benefit obligation at end of the year	**293.8**	290 1

Analysis of the movement in plan assets during the year

	30 April 2011	30 April 2010
	£m	£m
Fair value of plan assets at start of the year	**239.6**	182 8
Expected return on plan assets	**15.3**	11 1
Contributions by employer	**14.1**	6 1
Assets distributed on settlements	**(3.7)**	-
Benefits paid	**(24.0)**	(7 1)
Actuarial gain recognised in the STRGL	**11.8**	46 7
Fair value of plan assets at end of the year	**253.1**	239 6

Analysis of the movement in the balance sheet liability during the year

	30 April 2011	30 April 2010
	£m	£m
Liability at start of the year	**50.5**	35 3
Total expenses	**0.7**	3 5
Contributions paid	**(14.1)**	(6 1)
Actuarial loss recognised in the STRGL	**3.6**	17 8
Liability at end of the year	**40.7**	50 5

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2011 (continued)

24. PENSION COMMITMENTS (continued)

Cumulative actuarial gains and losses recognised in equity	**30 April 2011**	30 April 2010
	£m	£m
At beginning of the year	**(8.2)**	(26 0)
Actuarial loss recognised in the year	**3.6**	17 8
At end of the year	**(4.6)**	(8 2)

The actual returns on plan assets were:

	30 April 2011	30 April 2010
	£m	£m
Return on plan assets	**27.1**	57 8

History of experience gains and losses	**30 April 2011**	30 April 2010	30 April 2009	30 April 2008
Experience gains/(losses) arising on scheme assets	**£m**	£m	£m	£m
Amount	**11.8**	46 7	(52 1)	(16 0)
Percentage of scheme assets	**5.0%**	19 5%	(28 5%)	(7 3%)
Experience adjustments arising on scheme liabilities				
Amount	**(8.9)**	(8 5)	(5 7)	3 3
Percentage of the present value of scheme liabilities	**(3.0%)**	(3 0%)	(2 6%)	1 2%
Present value of scheme liabilities	293 8	290 1	218 1	278 9
Fair value of scheme assets	253 1	239 6	182 8	219 9
Deficit	(40 7)	(50 5)	(35 3)	(59 0)

Contributions of £6 1 million are expected to be paid in the year ending 30 April 2012

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2011 (continued)

25. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

On 24 February 2011 the immediate parent company, Kesa International Limited, transferred ownership of the entire ordinary share capital of Comet Group plc to Kesa Holdings Limited The Company's ultimate parent company and controlling party is Kesa Electricals plc, a company registered in England and Wales, which is the largest and smallest group to consolidate these financial statements Copies of the parent's consolidated financial statements may be obtained from the Secretary, Kesa Electricals PLC, 22-24 Ely Place, London, EC1N 6TE