



COMET GROUP PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2010

Company registration number: 278576

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COMET GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2010

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COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2010

The directors present their report and audited financial statements of the Company for the year ended 30 April 2010

The Company is a 100 percent subsidiary of Kesa Electricals plc, a company listed on both the London and Paris stock exchanges

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company trades as an electrical retailer through stores, transactional websites including www.comet.co.uk, Business to Business and a call centre, all located in the United Kingdom

The principal products sold by the Company are categorised as Consumer Electronics and White Goods 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

White Goods 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 care plans, customer support arrangements and financing products for its customers

The trading environment in the year has remained difficult due to global economic pressures. This continues to impact upon the retail sector in general, with customers remaining cautious due to their own personal financial circumstances. Given these conditions, the directors are satisfied with the financial results and with the continued progress of the Company. Certain business units were impacted more than others, particularly consumer electronics products. In addition to economic pressures, the market saw a lack of innovation in the financial year. The White product areas, however, had a successful year reflecting promotional innovation and increased average selling prices. 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. As well as sales and margin, strong cost control has remained a key focus during the financial year.

FUTURE OUTLOOK

Given market conditions, consumer confidence continues to be a challenge that impacts the whole of the retail sector. This is further exacerbated with the recent change in government and fiscal recovery plans that will be put in place. In these conditions, the Company continues to be focussed on its vision, value and behaviours and to demonstrate its passion for service by giving every customer the best possible experience. In a competitive market place, Comet continues to focus on product and price, ensuring that efforts are concentrated on margin management as well as strong cost control. Cash generation remains key to the success of the group and Company business model, allowing re-investment in future growth potential. Working capital focus is central to this and the Company strives to maintain an improving trend. The Company continues to invest in the store portfolio, both existing and new, as well as in the multi-channel Services operation striving to capitalise on growth opportunities

COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2010 (Continued)

NET DEBT

At the year end, the Company had net debt of £37.0m (2009: £43.1m), a reduction in the year of £6.1m. 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. The state of the housing market impacts spending on White Goods in particular and the 'feel good' factor 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.

COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2010 (Continued)

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 already 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.

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

A significant portion of the Company's properties are leasehold, and the Company is therefore exposed to substantial increases in commercial property rents.

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 0.5% when comparing the year ended 30 April 2010 with the year ended 30 April 2009
- Like for like sales movement (same store sales, year on year) - Like for like decline was 1.4% when comparing the year ended 30 April 2010 with the year ended 30 April 2009
- Retail profit excluding restructuring costs of £0.4m (Year ended 30 April 2009: £9.6m), remained at £4.3m

COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2010 (Continued)

INVESTMENT

This year incorporated many trials of new store formats and in store merchandising. The business refitted a number of old core stores with the aim of giving a consistent customer brand experience to a wider market, in particular improving space productivity of Consumer Electronics. Following on from the success of the trial, this will be rolled out further in 2010/11. A further number of right sizes took place in the year. This activity will remain a priority along with the refit programme.

RESULTS AND DIVIDENDS

The loss on ordinary activities after taxation during the period amounted to £3,769,000 (Year ended 30 April 2009: loss of £5,444,000). The loss for the year includes a dividend of £106,000 from Comet Financial Services Limited, a wholly owned subsidiary (Year ended 30 April 2009: £3,100,000). The directors recommend that no dividend be paid (Year ended 30 April 2009: £nil) and the loss for the year be deducted from accumulated reserves.

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 effects 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. Further details of financial risk management can be found on page 15 of the Kesa Electricals plc accounts.

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 period end was 34 (Year ended 30 April 2009: 35 days).

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.

COMET GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2010 (Continued)

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

R F J Darke

D J Platt

(Appointed 4 January 2010)

T Falque-Pierrotin

M Rooney

T R Lousada

S Herrick

(Resigned 4 January 2010)

R Boulton

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, S Herrick (until 4 January 2010) and D J Platt (from 4 January 2010) 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.

On 15 September 2010 A Stoodley resigned as Company Secretary and was replaced by M Walters.

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.

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.

By order of the Board



M Walters
Company Secretary

21 Oct 2010

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 Oct 2010

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 2010 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 8 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 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.

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 2010 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.

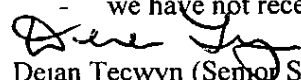
Opinion on other matters prescribed by the Companies Act 2006

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

24 Oct 2010

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COMET GROUP PLC

PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 30 APRIL 2010**

		<u>Year ended</u> <u>30 April</u> <u>2010</u>	<u>Year ended</u> <u>30 April</u> <u>2009</u>
	Note	£'000	£'000
Turnover	2	1,586,368	1,594,240
Cost of sales		(1,254,266)	(1,260,737)
Gross profit		332,102	333,503
Selling and distribution costs		(313,429)	(316,396)
Administrative expenses		(56,598)	(54,416)
Other operating income	3	42,248	41,599
Operating profit before exceptional items		4,323	4,290
Exceptional items	4	(414)	(9,599)
Operating profit / (loss)		3,909	(5,309)
Income from share in group undertaking		106	3,100
Profit / (loss) on ordinary activities before interest and taxation		4,015	(2,209)
Interest receivable and similar income	5	498	126
Interest payable and similar charges	5	(7,464)	(5,854)
Loss on ordinary activities before taxation	6	(2,951)	(7,837)
Tax on loss before ordinary activities	9	(818)	2,393
Loss for the financial year	19,20	(3,769)	(5,444)

STATEMENT OF TOTAL RECOGNISED **GAINS AND LOSSES FOR THE YEAR** **ENDED 30 APRIL 2010**

		<u>Year ended</u> <u>30 April</u> <u>2010</u>	<u>Year ended</u> <u>30 April</u> <u>2009</u>
		£000	£000
Loss for the financial year		(3,769)	(5,444)
Actuarial (loss) / gain in the pension scheme	24	(17,800)	19,100
Movement on deferred tax relating to actuarial loss/(gain)		4,984	(5,348)
Total (losses) / gains since last annual report		(16,585)	8,308

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 period stated above and their historical cost equivalents

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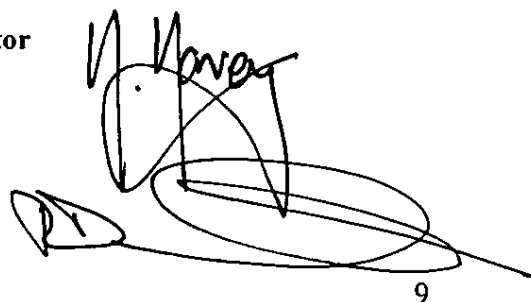
COMET GROUP PLC**BALANCE SHEET AS AT 30 APRIL 2010**

	Note	<u>30 April</u> <u>2010</u> £000	<u>30 April</u> <u>2009</u> £000
FIXED ASSETS			
Tangible assets	10	97,617	110,484
Investments	11	100	100
		<u>97,717</u>	<u>110,584</u>
CURRENT ASSETS			
Stock	12	215,904	198,264
Debtors	13	79,694	84,338
Cash at bank and in hand		6,712	8,308
		<u>302,310</u>	<u>290,910</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(266,059)</u>	<u>(260,340)</u>
NET CURRENT ASSETS		<u>36,251</u>	<u>30,570</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		133,968	14,154
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(34,609)	(33,429)
PROVISIONS FOR LIABILITIES	15	(4,162)	(6,887)
NET ASSETS EXCLUDING PENSION LIABILITY		95,197	100,838
Pension liability	24	(36,360)	(25,416)
NET ASSETS		<u>58,837</u>	<u>75,422</u>
CAPITAL AND RESERVES			
Called-up share capital	18	20,000	20,000
Profit and loss account	19	38,837	55,422
TOTAL SHAREHOLDERS' FUNDS	20	<u>58,837</u>	<u>75,422</u>

The financial statements on pages 8 to 29 were approved by the board of directors on 21 Oct 2010 and were signed on its behalf by

H J Harvey, Director

R Boulton, Director



COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010**

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 group's weighted average cost of capital with appropriate adjustments for the risks associated with the relevant business

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

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

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.

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 30 September 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.

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

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.

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

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

	<u>Year ended</u> <u>30 April</u> <u>2010</u> £000	<u>Year ended</u> <u>30 April</u> <u>2009</u> £000
Redundancy costs	414	6,569
Property closure costs	-	2,235
IT costs	-	646
Professional fees	-	149
	414	9,599

During the previous year the Company performed a review of infrastructure and support costs. The resulting reorganisation impacted many areas of the business. The reported results last year reflected one-off costs of £9.6m. Additional costs relating to the original program of £0.4m were incurred in this financial year.

5. INTEREST PAYABLE AND RECEIVABLE

	<u>Year ended</u> <u>30 April</u> <u>2010</u> £000	<u>Year ended</u> <u>30 April</u> <u>2009</u> £000
Interest payable on rents	(61)	(231)
Interest payable on taxation	-	(12)
Net finance cost – pensions (see note 24)	(4,456)	(2,444)
Interest payable to parent company	(2,682)	(2,821)
Interest payable to group companies	(150)	(114)
Interest payable on finance leases	(115)	(132)
Interest payable and similar charges	(7,464)	(5,754)
Interest receivable from parent company	23	29
Interest receivable on taxation	437	-
Interest on rents, rates and property transactions	21	75
Other interest receivable	17	22
Interest receivable and similar income	498	126

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010 (continued)

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>Year ended</u> <u>30 April</u> <u>2010</u> £000	<u>Year ended</u> <u>30 April</u> <u>2009</u> £000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Rent receivable	(3,257)	(2,678)
Services provided by the Company's auditors - fees payable for the audit	186	165
the Company's auditors - other services	100	-
Operating leases - land and buildings	82,668	82,938
Operating leases - plant and equipment	8,616	8,665
Depreciation - owned assets	26,817	25,355
Depreciation - leased assets	1,066	744
Impairment of owned assets	1,367	560
Loss on disposal of fixed assets and leases	127	259
Staff costs	180,074	176,575

7. EMPLOYEES

	<u>Year ended</u> <u>30 April</u> <u>2010</u> £000	<u>Year ended</u> <u>30 April</u> <u>2009</u> £000
Staff costs (including directors)		
Wages and salaries	158,618	154,517
Social security costs	13,391	13,313
Other pension costs (note 24)	8,065	8,745
	<u>180,074</u>	<u>176,575</u>

Average monthly number of persons
employed (including directors)

Stores and Service	8,446	8,761
Distribution	719	565
Administration	501	620
	<u>9,666</u>	<u>9,946</u>

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

8. DIRECTORS' EMOLUMENTS

	<u>Year ended</u> <u>30 April</u> <u>2010</u> <u>£000</u>	<u>Year ended</u> <u>30 April</u> <u>2009</u> <u>£000</u>
Aggregate emoluments	1,987	1,608
Directors' remuneration includes the following amounts in respect of the highest paid director		
Aggregate amounts paid	<u>589</u>	<u>501</u>

During the period none of the directors exercised share options (Year ended 30 April 2009 none) and 5 (Year ended 30 April 2009 5) received qualifying service shares under long term incentive schemes

Aggregate emoluments stated above include £202,000 in respect of company contribution to the defined contribution pension scheme. Aggregate emoluments to the highest paid director include £56,000 in respect of company contribution to the defined contribution pension scheme. Five of the directors are accruing benefits under the defined contribution pension scheme.

An annual pension of £23,053 (Year ended 30 April 2009 £22,400) had accrued to the highest paid director at 30 April 2010 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

For the period under review the Company had one principal executive share award plan "The Long Term Incentive Plan" which consists of 2 elements

- (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 ("PSP") 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 PSP 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.

COMET GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2010 (continued)****8. DIRECTORS' EMOLUMENTS (continued)****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	Vesting date	Number of performance shares at end of year	Lapse date
R F J Darke	7,195 10,101	- -	- -	- -	22/03/2007 24/06/2008	7,195 10,101	22/03/2010 24/06/2011
H J Harvey	12,209 15,152 -	- - 27,887	- - -	- - -	22/03/2007 24/06/2008 24/06/2009	12,209 15,152 27,887	22/03/2010 24/06/2011 24/06/2012
T R Lousada	5,276 8,333	- -	- -	- -	22/03/2007 24/06/2008	5,276 8,333	22/03/2010 24/06/2011
M Rooney	5,280 8,333	- -	- -	- -	22/03/2007 24/06/2008	5,280 8,333	22/03/2010 24/06/2011
R Boulton	14,773	-	-	-	24/06/2008	14,773	24/06/2011

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	Vesting date	Number of performance shares at end of year	Lapse date
R F J Darke	14,390 38,035 -	- - 60,274	- - -	(14,390) - -	22/03/2007 24/06/2008 24/06/2009	- 38,035 60,274	22/03/2010 24/06/2011 24/06/2012
H J Harvey	32,558 57,052 -	- - 85,479	- - -	(32,558) - -	22/03/2007 24/06/2008 24/06/2009	- 57,052 85,479	22/03/2010 24/06/2011 24/06/2012
T R Lousada	20,919 -	- 33,790	- -	- -	24/06/2008 24/06/2009	20,919 33,790	24/06/2011 24/06/2012
M Rooney	20,919 -	- 33,790	- -	- -	24/06/2008 24/06/2009	20,919 33,790	24/06/2011 24/06/2012
R Boulton	11,337 24,723 -	- - 38,356	- - -	(11,337) - -	22/03/2007 24/06/2008 24/06/2009	- 24,723 38,356	22/03/2010 24/06/2011 24/06/2012

As at the close of the market on 30 April 2010 the share price was 125 00p Between 1 May 2009 and 30 April 2010, the lowest price was 102 75p and the highest price was 159 70p

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

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 period	At end of period	Date from which exercisable
R F J Darke	2,804	-	2,804	June 2010
T R Lousada	3,563	1,395	4,958	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.

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
H J Harvey	58,832	48,416
R F J Darke	3,731	3,731
T R Lousada	365	365
M Rooney	-	-
R Boulton	-	-

COMET GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2010 (continued)****9. TAX ON LOSS ON ORDINARY ACTIVITIES**

	<u>Year ended</u> <u>30 April</u> <u>2010</u>	<u>Year ended</u> <u>30 April</u> <u>2009</u>
(a) UK corporation tax charge/(credit) on losses for the year at 28% (2009: 28%)	£000	£000
Current tax	5,639	3408
Adjustments in respect of prior periods	(244)	(1,372)
Total current tax (see note 9(b))	<u>5,395</u>	<u>2,036</u>
Pension contribution relief below pension cost charge	728	1288
Deferred tax on accelerated capital allowances	(5,973)	(6,756)
Deferred tax on other timing differences	130	199
Prior year deferred tax	538	840
Tax charge/(credit) for the year	<u>818</u>	<u>(2,393)</u>
(b) Factors affecting the tax charge for the year		

The tax charge for the period is higher (Year ended 30 April 2009 higher) than the standard rate of corporation tax in the UK. The differences are explained below

	<u>Year ended</u> <u>30 April</u> <u>2010</u> <u>£000</u>	<u>Year ended</u> <u>30 April</u> <u>2009</u> <u>£000</u>
Loss on ordinary activities before taxation	<u>(2,951)</u>	<u>(7,837)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	(826)	(2,194)
Effects of		
Pension contribution relief below pension costs charge	(728)	(1,288)
Accelerated capital allowances	5,973	6,756
Other timing differences	(130)	(199)
Intergroup dividend not taxable	(30)	(868)
Expenses not deductible for tax	975	701
Capital gains in excess of gains on property transactions	405	500
Adjustments in respect of prior periods	(244)	(1,372)
Current corporation tax charge for the year	<u>5,395</u>	<u>2,036</u>

Post year end the UK government announced its intention to Parliament to reduce the UK corporation tax rate from 28% to 24% through 1% per annum reductions, commencing on 1 April 2011. As of 30 April 2010 the rate change was not substantively enacted. Had the corporation tax rate been substantively enacted by the balance sheet date the deferred tax credit for 2010 would have decreased by approximately £1.1m, of which £0.5m would have been charged through the Statement of Recognised Gains and Losses.

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010 (continued)

10. TANGIBLE ASSETS

	<u>Freehold</u> <u>land and</u> <u>buildings</u>	<u>Short</u> <u>leasehold</u> <u>land and</u> <u>buildings</u>	<u>Fixtures,</u> <u>fittings,</u> <u>equipment &</u> <u>motor vehicles</u>	<u>Computer</u> <u>equipment</u> <u>on finance</u> <u>lease</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Cost					
At 1 May 2009	670	3,417	282,833	7,775	294,695
Additions	-	-	14,714	140	14,854
Reclassification	-	1,074	-	-	1,074
Transfer to Creditors	-	-	5,296	-	5,296
Disposals	-	-	(12,659)	-	(1,265)
At 30 April 2010	670	4,491	290,184	7,915	303,260
Accumulated depreciation					
At 1 May 2009	44	3051	176,532	4,584	184,211
Charge for the year	8	50	26,759	1,066	27,883
Reclassification	-	1,074	-	-	1,074
Transfer to Creditors	-	-	2,605	-	2,605
Impairment charge (see below)	-	-	1,367	-	1,367
Disposals	-	-	(11,497)	-	(1,149)
At 30 April 2010	52	4,175	195,766	5,650	205,643
Net book value :					
At 30 April 2010	618	316	94,418	2,265	97,617
At 30 April 2009	626	366	106,301	3,191	110,484

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.

The net book value of computer equipment held under finance lease is £2,265,112 (30 April 2009: £3,191,159).

Amounts that have been transferred to creditors relate to capital contributions that have previously been capitalised. They have been reclassified as deferred income and are released to the profit and loss accounts over the life of the assets to which relate.

Reclassifications relate to the correction of cost and accumulated depreciation brought forward. There has been no impact on net book value or the profit and loss account.

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010 (continued)

11. INVESTMENTS

	<u>30 April</u> <u>2010</u> £000	<u>30 April</u> <u>2009</u> £000
Subsidiaries at cost and net book amount	<u>100</u>	<u>100</u>

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

	<u>Nature of business</u>	<u>Country of registration and operation</u>
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

	<u>30 April</u> <u>2010</u> £000	<u>30 April</u> <u>2009</u> £000
Goods for resale	<u>215,904</u>	<u>198,264</u>

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

13. DEBTORS

	<u>30 April</u>	<u>30 April</u>
	<u>2010</u>	<u>2009</u>
	£000	£000
Trade debtors	26,566	28,306
Amounts owed by fellow subsidiary undertakings	4,633	10,833
Amounts owed by parent company	20,003	20,000
Other debtors	520	566
Prepayments	12,240	15,133
Deferred taxation (note 16)	15,732	9,769
	<u>79,694</u>	<u>84,338</u>

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

14. CREDITORS

	<u>30 April</u>	<u>30 April</u>
	<u>2010</u>	<u>2009</u>
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	5,788	556
Trade creditors	120,325	111,719
Amounts owed to parent company	36,647	48,187
Amounts owed to fellow subsidiary undertakings	109	147
Obligations under finance leases	990	1,351
Corporation tax	6,386	2,192
Other taxation and social security	19,537	16,675
Other creditors	13,032	12,879
Accruals and deferred income	63,245	66,634
	<u>266,059</u>	<u>260,340</u>
Amounts falling due after one year:		
Subordinated loan from parent company	20,000	20,000
Deferred income	14,289	12,079
Obligations under finance leases	320	1,350
	<u>34,609</u>	<u>33,429</u>

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. Bank overdraft relates wholly to unpresented cheques, less uncredited lodgements. The subordinated loan from the parent company bears 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 is unsecured and repayable in July 2013.

Obligations under finance leases are secured on the assets to which they relate.

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

15. PROVISIONS FOR LIABILITIES

Idle **Properties**

£000

At 1 May 2009	6,887
Credit to the profit and loss account	(3,623)
Created in the period	898
	<hr/>
At 30 April 2010	4,162

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, and is expected to be fully utilised by April 2015.

16. DEFERRED TAX

Deferred taxation in the financial statements as follows

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	£000	£000
Tax effects of timing differences due to:		
Accelerated capital allowances	16,729	10,881
Other timing differences	(997)	(1,112)
	<hr/>	<hr/>
Deferred tax asset	15,732	9,769
	<hr/>	<hr/>
Deferred tax asset on pension liability	14,140	9,884
	<hr/>	<hr/>
Total deferred tax asset including deferred tax on pension liability	29,872	19,653
	<hr/>	<hr/>
Deferred tax asset relating to pension deficit:	£000	£000
At 1 May 2009	9,884	16,520
Deferred tax charged to profit and loss account	(728)	(1,288)
Deferred tax credited/(charged) to statement of total recognised gains & losses	4,984	(5,348)
	<hr/>	<hr/>
At 30 April 2010	14,140	9,884

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 2010 (continued)****17. OBLIGATIONS UNDER FINANCE LEASES**

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	£000	£000
Future minimum payments under finance leases are:		
Within one year	1,085	1,441
In more than one year, but not more than five years	233	1,428
	<u>1,318</u>	<u>2,869</u>
Less finance charges included above	(8)	(168)
At 30 April 2010	<u>1,310</u>	<u>2,701</u>

18. CALLED-UP-SHARE CAPITAL

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	£000	£000
Authorised:		
50000000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted and fully paid:		
20,000,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

19. PROFIT AND LOSS ACCOUNT

	<u>Total</u>
	£000
At 1 May 2009	55,422
Loss for the financial year	(3,769)
Actuarial loss on pension scheme assets	(17,800)
Movement in deferred tax relating to actuarial loss	4,984
At 30 April 2010	<u>38,837</u>

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

20. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	<u>£000</u>	<u>£000</u>
Loss for the financial year	(3,769)	(5,444)
Actuarial (loss)/gain on pension scheme assets	(17,800)	19,100
Movement in deferred tax relating to actuarial (loss)/gain	4,984	(5,348)
Net addition to equity shareholders' funds	(16,585)	8,308
Opening shareholders' funds	75,422	67,114
Closing shareholders' funds	<u>58,837</u>	<u>75,422</u>

21. CAPITAL COMMITMENTS

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	<u>£000</u>	<u>£000</u>
Contracted but not provided	<u>2,749</u>	<u>3,315</u>

Capital commitments relate to store refits totalling £2 7 million (2009 £3 3m).

22. CONTINGENT LIABILITIES

The Company has a VAT deferment guarantee in favour of HM Revenue & Customs for £3,000,000 (Year ended 30 April 2009 £3,000,000) and a letter of credit in respect of Employers and Public Liability insurance of £1,700,000 (Year ended 30 April 2009 £1,700,000)

23. LEASE COMMITMENTS

	<u>Land and buildings</u>		<u>Other assets</u>	
	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
The Company has annual commitments under non-cancellable operating leases as follows				
Expiring within one year	2,492	323	382	1,353
Expiring between two and five years inclusive	11,617	7,403	4,097	3,471
Expiring in over five years	69,712	72,019	17	149
	<u>83,821</u>	<u>79,745</u>	<u>4,496</u>	<u>4,973</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2010 (continued)****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 inception of this Scheme was at 1 April 2004. The scheme was closed to new entrants on 1 April 2004 and closed to future accrual on 30 September 2007. All employees who do not participate in the Comet Pension Scheme are offered access to a group defined contribution scheme.

The most recent actuarial valuation of the scheme was carried out at 1 April 2007 by Punter Southall and Co, a qualified independent actuary and an IAS19 update based on this actuarial valuation was carried out as at 30 April 2010 by Lane, Clark & Peacock LLP, a qualified independent actuary. The contribution made to the scheme in the accounting period was £6.1 million (Year ended 30 April 2009: £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:

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	<u>£m</u>	<u>£m</u>
Defined contribution schemes included within staff costs	8.1	8.7

A qualified, independent actuary, Lane, Clark & Peacock LLP, has updated the actuarial valuations of the Company's defined benefit scheme as at 30 April 2010. The principal assumptions made by the actuaries were:

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
Discount rate	5.60%	6.80%
Rate of increase in pensionable salaries	4.85%	5.05%
Rate of pension increases	3.50%	3.30%
Price inflation	3.60%	3.20%
Expected return on plan assets		
- Equities	7.80%	7.90%
- Gilts	4.30%	4.40%
- Bonds	5.30%	5.50%
- Equity derivatives	8.00%	n/a
- Cash	2.00%	1.90%
- Dynamic asset allocation	7.30%	7.20%
- Real estate	6.30%	6.20%
- Other	4.50%	4.40%
Mortality assumptions	<u>2010</u>	<u>2009</u>
Life expectancy at age 60 for a male currently aged 60	24.9	24.8
Life expectancy at age 60 for a female currently aged 60	27.3	27.2
Life expectancy at age 60 for a male currently aged 40	26.9	26.8
Life expectancy at age 60 for a female currently aged 40	28.6	28.5

COMET GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010 (continued)

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 2010	30 April 2009
	£m	£m
The amounts recognised in the balance sheet are determined as follows:		
Present value of defined benefit obligation	290.1	218.1
Fair value of plan assets	(239.6)	(182.8)
Deficit	50.5	35.3
Related deferred tax asset	(14.1)	(9.9)
Net liability recognised in the balance sheet	36.4	25.4

	30 April 2010	30 April 2009
The major categories of plan assets as a percentage of total plan assets are as follows:		
Equities	19%	29%
Gilts	15%	20%
Bonds	17%	8%
Equity derivatives	14%	n/a
Cash	3%	12%
Dynamic asset allocation	24%	26%
Real Estate	7%	9%
Other	1%	-4%

	30 April 2010	30 April 2009
	£m	£m
The amounts recognised in the profit and loss account are as follows:		
Current service cost	-	-
Interest cost	14.6	16.4
Expected return on plan assets	(11.1)	(14.9)
Administration costs	1.0	0.9
Total included within interest	4.5	2.4

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

COMET GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2010 (continued)****24. PENSION COMMITMENTS (continued)**

The total scheme contribution of £8.1 million (Year ended 30 April 2009: £8.7 million), £1.9 million (Year ended 30 April 2009: £1.9 million), £2.4 million (Year ended 30 April 2009: £2.7 million) and £3.8 million (Year ended 30 April 2009: £4.1 million) were included in cost of sales, administrative expenses and selling expenses respectively. Scheme administration expenses have been netted off against the expected return on plan assets. In relation to the defined contribution scheme an amount of £0.9m remained outstanding at 30 April 2010.

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

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	£m	£m
Defined benefit obligation at start of the year	218.1	278.9
Current service cost	-	-
Interest cost	14.6	16.4
Contributions by employees	-	-
Benefits paid	(7.1)	(6.0)
Actuarial loss/(gain) recognised in the STRGL	64.5	(71.2)
Defined benefit obligation at end of the year	290.1	218.1

Analysis of the movement in plan assets during the year

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	£m	£m
Fair value of plan assets at start of the year	182.8	219.9
Expected return on plan assets	11.1	14.9
Contributions by employer	6.1	6.1
Contributions by employees	-	-
Benefits paid	(7.1)	(6.0)
Actuarial gain / (loss) recognised in the STRGL	46.7	(52.1)
Fair value of plan assets at end of the year	239.6	182.8

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

	<u>30 April</u> <u>2010</u>	<u>30 April</u> <u>2009</u>
	£m	£m
Liability at start of the year	35.3	59.0
Total expenses	3.5	1.5
Contributions paid	(6.1)	(6.1)
Actuarial loss/(gain) recognised in the STRGL	17.8	(19.1)
Liability at end of the year	50.5	35.3

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010 (continued)

24. PENSION COMMITMENTS (continued)

Cumulative actuarial gains and losses recognised in equity	<u>30 April</u> <u>2010</u> £m	<u>30 April</u> <u>2009</u> £m
At beginning of the year	(26.0)	(6.9)
Actuarial loss/(gains) recognised in the year	17.8	(19.1)
At end of the year	<u>(8.2)</u>	<u>(26.0)</u>

The actual returns on plan assets were:

	<u>30 April</u> <u>2010</u> £m	<u>30 April</u> <u>2009</u> £m
Return on plan assets	<u>57.8</u>	<u>(37.2)</u>

	<u>30 April</u> <u>2010</u> £m	<u>30 April</u> <u>2009</u> £m	<u>30 April</u> <u>2008</u> £m	<u>31 January</u> <u>2007</u> £m
History of experience gains and losses				
Experience gains/(losses) arising on scheme assets				
Amount	46.7	(52.1)	(16.0)	(0.3)
Percentage of scheme assets	19.5%	(28.5%)	(7.3%)	(0.1)%
Experience adjustments arising on scheme liabilities				
Amount	(8.5)	(5.7)	3.3	0.2
Percentage of the present value of scheme liabilities	3.0%	(2.6%)	1.2%	0.1%
Present value of scheme liabilities	290.1	218.1	278.9	279.3
Fair value of scheme assets	239.6	182.8	219.9	208.8
Deficit	(50.5)	(35.3)	(59.0)	(70.5)

Contributions of £6.1 million are expected to be paid in the year ending 30 April 2011

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NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 APRIL 2010 (continued)**

25. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent company is Kesa International 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.