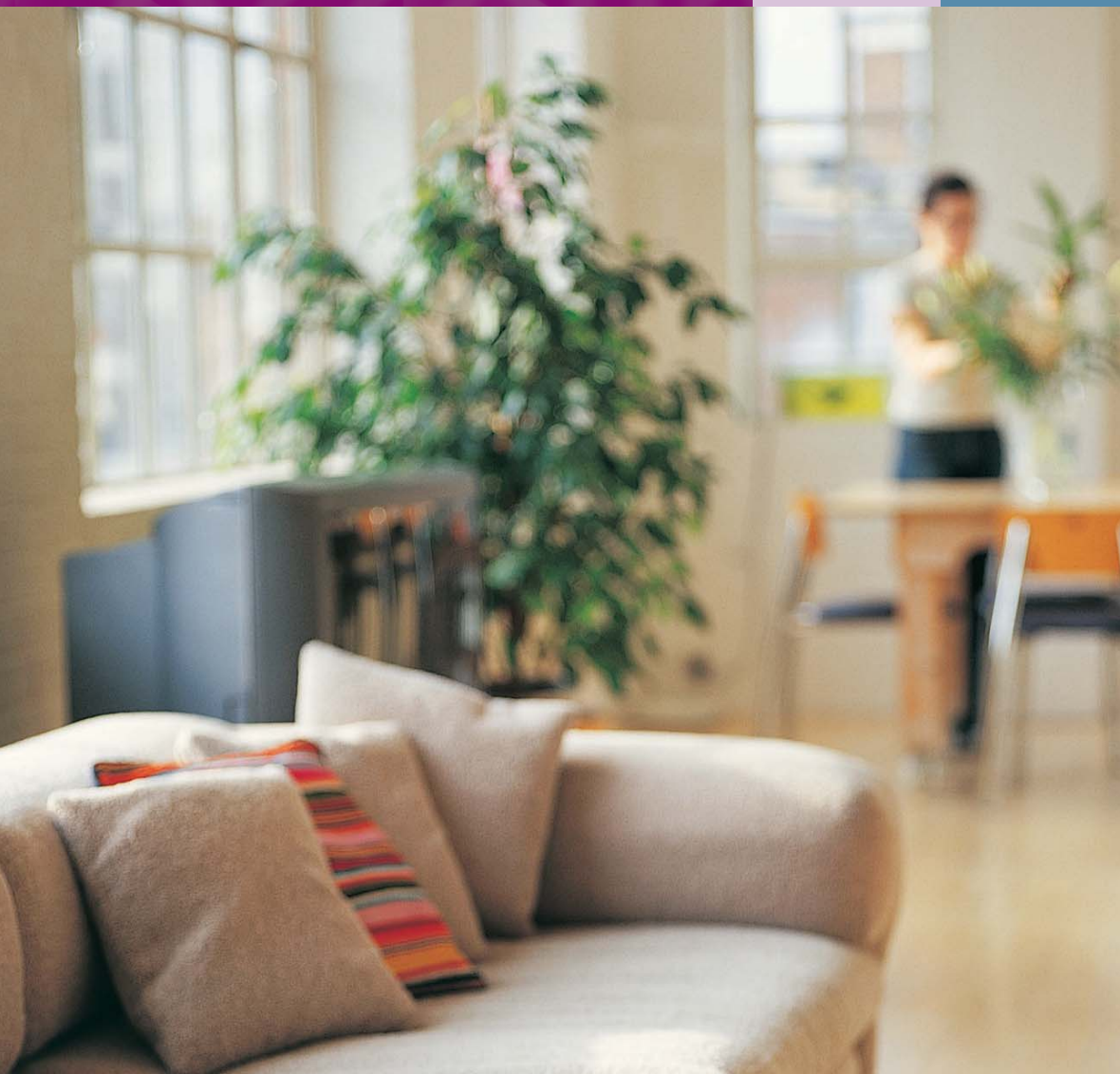


Trustees' Report &

KINGFISHER

Kingfisher
Pension Scheme

Trustees'
Report & Accounts
2005



Introduction

During the Scheme year under review, employees of UK companies within the Kingfisher Group were able to join the Kingfisher Pension Scheme, subject to certain eligibility conditions.

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

This Report gives information about the Scheme and its management during the Scheme year 2004-05.

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Chairman's Review

It hardly seems a year ago that I was writing my first Chairman's Review; the time has flown so fast as a result of the enormous changes taking place within the pensions world.

The most obvious change within Kingfisher was the launch of the new Defined Contribution section of the Scheme which on its very first day attracted over 5000 members. Creating the Scheme and all the administration processes to ensure it is managed effectively required a monumental effort by the Pensions Team and I would like to take this opportunity formally to record the appreciation of the Trustees for their endeavour. For the whole of the year the team has been working round the clock to ensure everything has gone smoothly, so if you do happen to see any of the team looking frazzled you'll know why!!

There has also been significant work undertaken on the Scheme's communication material and you should all by now have received your new Scheme booklets. A further improvement this year will be within your Annual Benefit Statement which will be issued later this year. For the first time we will be able to provide you with details of what Pension you might expect to receive from the State. By having this information alongside the illustration of your Kingfisher pension, you will be able to get a much clearer idea of the level of pension you can expect to retire on.

The Trustee's workload has also increased significantly this year as a result of a formal funding valuation of the Scheme following the closure to new members and the transfer out of the Comet membership. Part of the valuation process has been to reach agreement with the Group on the level of contributions to be paid for the next three years. I am pleased to report that the Group has again demonstrated its continuing commitment to the Scheme by significantly increasing its contributions to the Scheme. Indeed over the next three years the Group will be contributing some £370 million into the Scheme.

This is obviously great news for all members and I would like to take the opportunity formally to record the Trustees' thanks to the Group for the pro-active approach they have taken during these discussions.

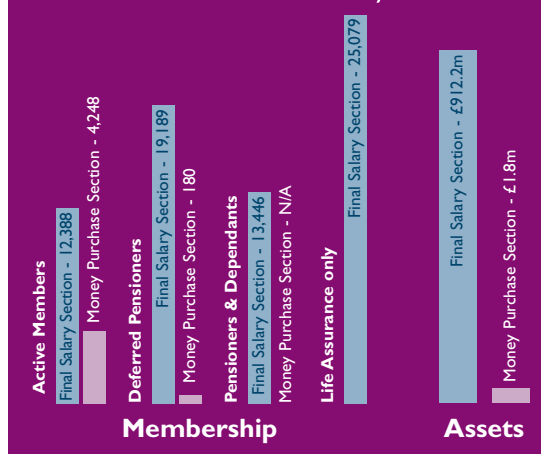
In addition to the valuation, the Trustees are also undertaking a review of the Scheme's investment strategy. Whilst this is a lengthy process and still has significant work to be undertaken, major progress has been made already and further details can be found on page 18 of this year's Report. I am pleased to say that the objective of the review is to reduce risk in the Scheme which will in turn provide greater protection and security for all members.

Turning to the wider perspective, last year I briefly mentioned that the Government was introducing two major pieces of legislation aimed at providing greater security for members, and attempting to simplify what can often be seen as a mysterious and complicated subject. Both of these initiatives should be welcomed and the Trustees, supported by Colin Hatley and his team are in the process of identifying the impact for the Scheme to ensure the appropriate measures can be taken to ensure compliance. This is going to prove to be another challenging year for the Trustees and the Pensions Team but one we are all prepared to meet.

Finally, amidst all the activity, I am pleased to report that for the fourteenth year running, all pensions have been increased in line with inflation.

Tony Stanworth

2004-2005 Statistics Summary



Pension Scheme Information

Trustee Board

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

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

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

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

Changes to the Trustee Board

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

Under the terms of the Pensions Act 1995, Kingfisher plc opted out of the requirement to appoint Member Nominated Trustees, and alternative arrangements were adopted.

Roger Blundell and Charles Baker were appointed to the Trustee Board from 1 April 2004. Further to his decision to leave employment with B&Q plc, Charles Baker resigned from the Trustee Board on 19 November 2004. A new Trustee will be appointed in due course following completion of a selection process.

Accounts & Audit Committee

Membership: Charles Woodward (Chairman); Helen Chandler; Helen Jones; Angela Taylor and Roger Blundell.

The role of the Committee is to:

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

Benefits Committee

Membership: Tony Stanworth (Chairman); Helen Chandler; and Val Struthers.

The Committee meets as necessary to exercise the Trustee's discretionary powers, particularly in relation to:

- the distribution of lump sum death benefits; and
- the granting of ill-health early retirement pensions.

Investment Committee

Membership: Charles Woodward (Chairman); Terry Hartwell; Val Struthers; Charles Baker (resigned November 2004); Roger Blundell and Duncan Tatton-Brown (non-Trustee).

The Trustee Board agrees the Scheme's Statement of Investment Principles. Day-to-day investment management is undertaken by external managers. The role of the Committee is to:

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

Sealing Committee

Membership: Helen Jones (chairman), Tony Stanworth and Val Struthers.

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

Pension Scheme Information



Tony Stanworth

Company: Kingfisher
Committees: Benefits (Chair)
Sealing
Based: London
Appointed: 30 March 1992



Helen Jones

Company: Kingfisher
Committees: Sealing (chair)
Accounts & Audit
Based: London
Appointed: 1 September 2003



Helen Chandler

Company: B&Q
Committees: Accounts & Audit
Benefits
Based: Northampton
Appointed: 4 March 1988



Angela Taylor

Company: B&Q
Committees: Accounts & Audit
Based: Chandlers Ford
Appointed: 1 January 2004



Terry Hartwell

Company: Kingfisher
Committees: Investment
Based: Southampton
Appointed: 6 November 1998



Roger Blundell

Company: Kingfisher
Committees: Accounts & Audit,
Investment
Based: London
Appointed: 1 April 2004



Val Struthers

Company: Pensioner
Committees: Investment, Sealing
Benefits
Based: Northampton
Appointed: 13 March 1997



Charles Baker

Company: B&Q
Committees: Investment
Based: Middlesex
Appointed: 1 April 2004
(resigned November 2004)



Charles Woodward

Company: Independent
Committees: Accounts &
Audit (Chair)
Investment (Chair)
Based: London
Appointed: 30 May 1992

Pension Scheme Information

Administration

The Trustee Board delegates day-to-day administration of the Pension Scheme to the Group Pensions Department of Kingfisher plc. The Trustee Board also delegates aspects of the day-to-day administration of the Money Purchase Section to The Standard Life Assurance Company. The delegated administration services are carried out in accordance with formal agreements governing the services to be provided.

The Scheme meets all the administrative costs incurred by Kingfisher Pensions Department and Standard Life.

Participating Companies

Company	Date of Participation in Pension Scheme
B&Q plc	1 February 1988
B&Q (Guernsey) Ltd	1 February 1988
B&Q (Retail) Jersey Ltd	1 February 1988
B&Q Properties Limited	1 February 1987
Kingfisher plc	1 February 1987
Screwfix Direct Ltd	1 August 2000

Complaints Procedure

Complaints against the Pension Scheme should firstly be referred, in writing, to the Head of Pensions at Kingfisher for consideration under the Internal Dispute Resolution Procedure.

1. The complaint must be made in the prescribed format (a form is available from the Group Pensions Department) and any complaint should be submitted to the Head of Pensions, who will respond within ten working days. Where it is not possible to meet this deadline, an interim reply will be sent explaining the reason for the delay and giving an idea of when a reply may be expected.
2. If the complainant considers the matter still unresolved, they may ask for a review by the Independent Trustee Director who will consult with any two other Trustee Directors

of his choosing who have not been involved (e.g. via the Benefits Committee in the exercise of a discretion) to decide the merit of the complaint and the action to be taken.

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

At any point during the Internal Dispute Resolution Procedure, the complainant may contact The Pensions Advisory Service (TPAS). This organisation can help members and beneficiaries with pension difficulties they have not been able to resolve with their scheme trustees.

Address:
The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Telephone:
0845 6012923
(all calls are charged at local rates)

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

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

Address:
The Pensions Ombudsman
11 Belgrave Road
London, SW1V 1RB

Telephone:
020 7834 9144

Pension Scheme Information

Pension Scheme Changes

For many years Kingfisher provided employees with the opportunity to save for retirement through membership of either the Scheme or the Kingfisher Retirement Trust. Following a review of retirement benefit provision in 2003, a decision was made to alter the provision to reflect the current economic climate and workplace practices.

During the period January to March 2004, all employees were consulted about the changes, and given the opportunity to select either final salary or money purchase retirement benefits for the future. The changes were implemented from 1 April 2004, and the year under review is therefore the first year during which the new arrangements have been in operation. It should be noted that, in general, employees are required to complete one year's service before becoming eligible to join the Scheme for pension benefits; hence the membership statistics shown in this Report reflect an unusually low number of new entrants to the Scheme.

Pension Scheme changes in brief:

- Closure of the final salary section to new entrants after 31 March 2004;
- Addition of a new money purchase section from 1 April 2004 which new employees may join after meeting eligibility criteria;

- Current employees were given the opportunity to choose either:
 - Final salary pension, either:
 - Employee contribution of 7% of pensionable salary and accrual rate of 60ths of final salary, or
 - Employee contribution of 5% of pensionable salary and accrual rate of 80ths of final salary; or
 - Money purchase pension, either
 - Minimum 3% employee contribution with matching 3% employer contribution (depending on service and grade, a higher matching employer contribution may be payable), or
 - 0% employee contribution with a 1% employer contribution (option available only at 31 March 2004);
- The Scheme's contracted-out status was changed so that the Money Purchase Section participates in the State Second Pension (S2P) whilst the Final Salary Section is contracted-out of S2P;
- Minimum life assurance benefit of twice salary in the event of death while working for a Kingfisher company provided for all employees.

The Kingfisher Retirement Trust was frozen with effect from 31 March 2004, and a separate Trustees' Report and Accounts for the year to 5 April 2005 has been prepared.

Trustee Board Report

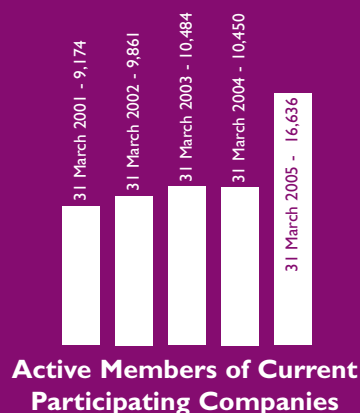
The Scheme provides retirement and death benefits by means of a trust which is independent of the participating companies' financial affairs.

Following a review of retirement benefits, the Scheme was amended with effect from 1 April 2004 and became a hybrid scheme, providing 'money purchase' benefits (i.e. based on what a member's accumulated fund value will purchase at retirement) for all UK employees recruited on or after 1 April 2004, or who elect to join the Scheme or otherwise elect to be provided with money purchase benefits after that date, and 'final salary' benefits (i.e. based on a member's salary and service) for employees who joined the Scheme before 1 April 2004 (and don't elect to be provided with money purchase benefits). The two sections of the Scheme are referred to respectively as the Final Salary Section (or KPS-FS) and the Money Purchase Section (or KPS-MP). A summary of the changes introduced on 1 April 2004, and the benefits now provided by the respective sections of the Scheme is provided on page 10.

During the Scheme year under review:

- the Scheme was open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;
- the Scheme was governed by the Definitive Trust Deed and Rules (as amended inter alia by a Deed of Amendment dated 31 March 2004) and approved by the Inland Revenue under the Income and Corporation Taxes Act 1988 as an exempt approved scheme;
- members of the Final Salary Section were contracted-out of the State Second Pension (S2P) whilst members of the Money Purchase Section participated in S2P.

5 Year Summary



Trustee Board Report

5 Year Summary cont.



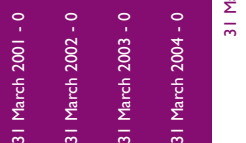
Active Members



Deferred Pensioners



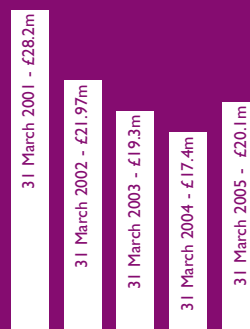
Pensioners & Dependants



Life Assurance Only Members*



Income - Contributions & Transfer Values



Income - Investment



Expenditure - Pensions



Expenditure - Other Benefits & Expenses



Fund value

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

** Includes a bulk transfer of approximately £142 million.

Trustee Board Report

Membership

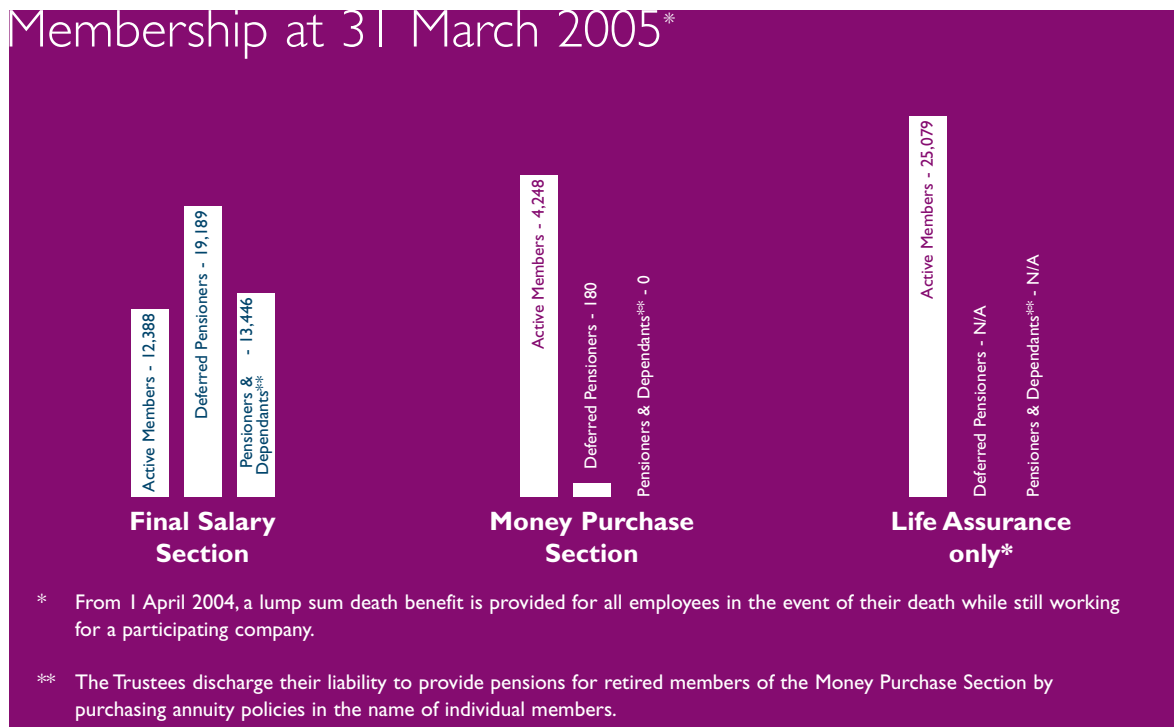
Membership is open to all employees of UK companies within the Kingfisher Group who satisfy the entry qualifications set by their employer, which are broadly similar. There are three categories of membership within the Scheme:

Active members - currently contributing employees who are members of the Scheme.

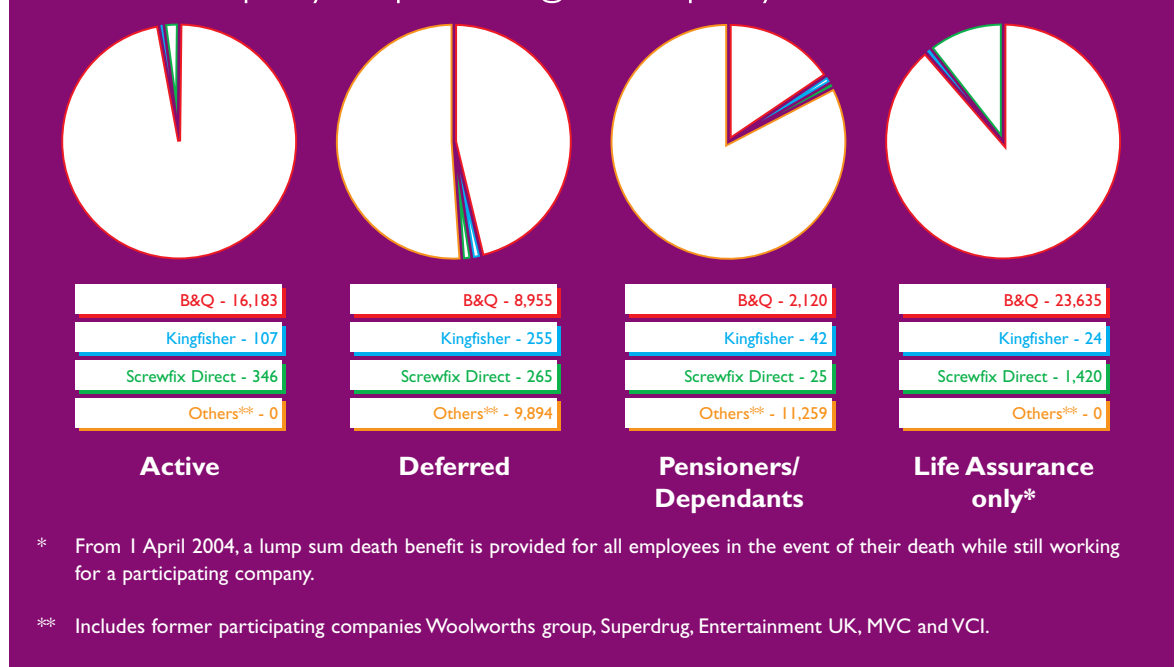
Deferred pensioners - members who have left service or otherwise ceased active membership and have the right to a future pension under the Scheme.

Pensioners - members who have retired and are in receipt of a pension and dependants who are in receipt of a pension following the death of a member.

Membership at 31 March 2005*

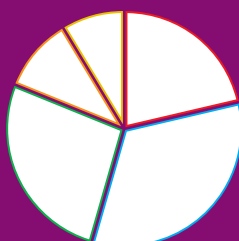


Membership by Operating Company at 31 March 2005



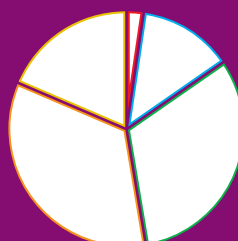
Trustee Board Report

Age Profile of Active Members at 31 March 2005



Age 16-30 - 3,551
Age 31-40 - 5,508
Age 41-50 - 4,439
Age 51-55 - 1,699
Age 56+ - 1,439

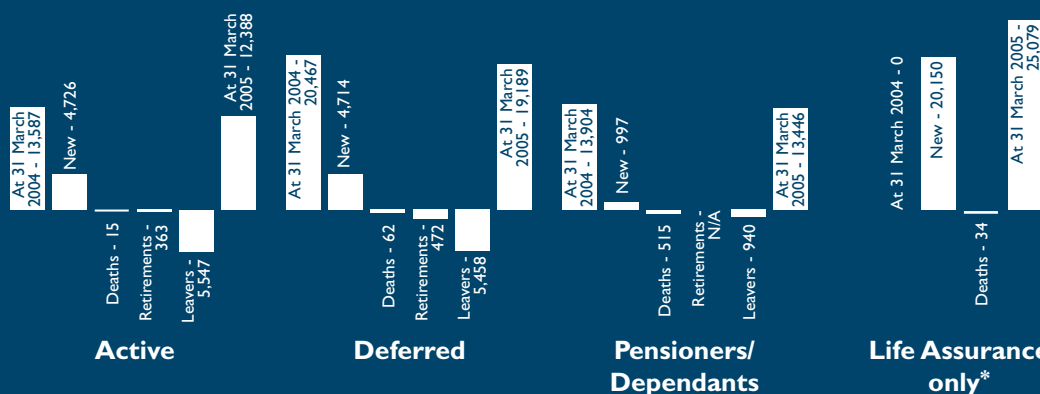
Age Profile of Pensioners and Dependants at 31 March 2005



Age 50 & under - 314
Age 51-60 - 1,750
Age 61-70 - 4,304
Age 71-80 - 4,582
Age 81+ - 2,496

Changes in Membership during the Year at 31 March 2005

FINAL SALARY SECTION



* From 1 April 2004, a lump sum death benefit is provided for all employees in the event of their death while still working for a participating company. These figures are subject to constant fluctuation as all employees are covered and not just members of the Scheme.

MONEY PURCHASE SECTION



* The Trustees discharge their liability to provide pensions for retired members of the money purchase section by purchasing annuity policies in the name of individual members.

Trustee Board Report

Retirement and Death Benefits

The following is intended as a brief outline of the Scheme, and further details can be found in the explanatory booklets described on page 14. The legal position is governed by the Trust Deed and Rules, copies of which are available to members. Legal reliance should be placed only on this formal document.

Final Salary Section

Pension at retirement

From age 50 onwards, a pension based on either 1/60th or 1/80th of salary for each year of Scheme service to the date of actual retirement (depending on the member's chosen option during the consultation period between 1 January and 31 March 2004 subject to any later decision by the member to contribute at a lower rate), with a percentage reduction for each year of early payment before age 60. Under current legislation, part of the pension may be exchanged for a tax-free lump sum.

Pension Increases

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

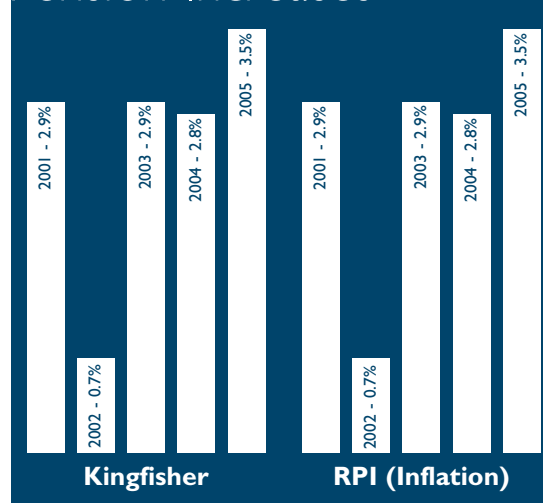
Increases from the Scheme do not apply to that element of the pension representing any Guaranteed Minimum Pension (GMP) in payment after age 60 for females or 65 for males (which the Scheme is required to provide as a consequence of contracting-out of SERPS) earned before 6 April 1988, as these increases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

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

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

Both Jersey and Guernsey have their own Retail Prices Index (5.3% and 4.9% respectively at

Pension Increases



December 2004), and increases for Channel Islands pensioners are calculated in accordance with these (thus the Jersey increase for 2005 was limited to 5%).

Since April 1978, final salary schemes have been able to contract-out of the State additional pension scheme (known until April 2002 as the State Earnings Related Pension Scheme (SERPS) and now known as the State Second Pension (S2P)); in doing so, a member and their employer do not pay full-rate NI contributions.

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

III-Health retirement

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

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

Trustee Board Report

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

Death

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

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

For employees not provided with pension benefits, on death while in employment, a lump sum of two times Pensionable Salary is payable.

Leaving

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

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

Deferred pensions continue to receive increases before retirement as required by legislation.

Transfer Values

Transfer values were calculated in accordance with the provisions of the Pension Schemes Act 1993 on a basis agreed between the Trustees and the Actuary. The amount available for transfer is the 'cash equivalent' of a member's benefits under the Scheme. It does not take account of any future benefits that may be payable at the discretion of the Trustees or the Company. No payments were reduced below the actuarially calculated value.

Earnings Cap

From April 2005, the limit on earnings that can count for pensions purposes (the Earnings Cap) in respect of members who joined after May 1989 increased from £102,000 to £105,600.

Money Purchase Section

Retirement

From age 50 onwards, a pension is based on the value of the member's retirement account and

annuity rates at the date of retirement. Under current legislation, a portion of the retirement account may be taken as a tax-free lump sum. Pensions will increase as required by legislation and depending on the type of annuity selected by the member.

Ill-Health retirement

Subject to medical evidence, a pension may be payable (irrespective of age), dependent on the value of the member's retirement account at the date of retirement.

Death

While in employment, a lump sum of two times Pensionable Salary is payable, plus a refund of the member's retirement account.

Leaving

A pension deferred until retirement, provided two years' qualifying service have been completed. For members with less than two years' qualifying service, a refund of member contributions is payable.

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

Deferred benefit entitlements continue to enjoy the returns generated by the respective investment funds underlying the member's retirement account.

Transfer Values

Transfer values were calculated in accordance with the provisions of the Pension Schemes Act 1993. The amount available for transfer is the 'cash equivalent' of a member's benefits under the Scheme.

Earnings Cap

From April 2005, the limit on earnings that can count for pensions purposes (the Earnings Cap) in respect of members who joined after May 1989 increased from £102,000 to £105,600.

State Pension

Members of the Scheme retain their entitlement to the Basic (Old Age) State Pension. Members of the Money Purchase Section are also entitled to the State Second Pension.

Trustee Board Report

Contributions Payable to the Scheme

A new schedule of contributions was introduced at 1 April 2004 and certified by the Scheme Actuary. Following completion of the Actuarial Review at 31 March 2004 (see page 15 for further information), a new schedule of contributions was introduced at 1 April 2005 and certified by the Scheme Actuary.

Final Salary Section

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

Participating companies meet the balance of the cost to ensure that the Scheme is able to meet its estimated future commitments. During the Scheme year under review, and pending completion of an Actuarial Review at 31 March 2004, the Companies agreed to increase their contributions to the Final Salary Section to 20% of Pensionable Salaries. Following completion of the Actuarial Review, the contribution rate was re-set (see page 15 for further information).

Money Purchase Section

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

Members who during the consultation period between 1 January and 31 March 2004 (see page 5) chose to join the Money Purchase Section on terms similar to those provided by the Kingfisher Retirement Trust, do not contribute to the Money Purchase Section, and the Company contributes 1% of Pensionable Salary on their behalf.

Company Additional Contributions

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

Earnings Cap

From April 2005, the limit on earnings that can count for pensions purposes (the Earnings Cap) in respect of members who joined after May 1989 increased from £102,000 to £105,600.

Trustee Board Report

Additional Voluntary Contributions

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

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

Final Salary Section

Members of the Final Salary Section have a choice of:

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

The annual bonus rate during the year was 3% and is retained at the same rate from 1 April 2005. This bonus becomes part of the member's fund on which future bonuses will be calculated. When the benefits become payable, there is the possibility of an additional Terminal Bonus.

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

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

At the year end, there were 1,539 active members with AVC accounts, an increase on last year's membership of 692. There were also 2,319 deferred members with AVC accounts. AVC accounts in respect of members who are (or were) employed by Comet were transferred along with the main benefits in December 2004.

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

Full details of the final salary AVC Scheme can be found in the explanatory booklet *The KPS AVC Guide*, available online at the pensions website www.kgbd.co.uk or from personnel departments.

Money Purchase Section

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

At the year end, there were 11 active members paying AVCs.

Trustee Board Report

Member Information

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

- Personal Benefit Statements, which give individual members information annually on the benefits they may receive.
- *Talking Pensions*, a magazine explaining in an informal way the options open to employees.
- *Your Guide to the Money Purchase Section of the Kingfisher Pension Scheme* and *Choosing your Investments*, the explanatory booklets for the Money Purchase Section.
- *Your Guide to the Final Salary Section of the Kingfisher Pension Scheme*, the explanatory booklet for the Final Salary Section.
- *The KPS AVC Guide*, a booklet for members of the Final Salary Section giving full details of the available AVC options.
- *Penfriend*, a magazine of news and interests specially for pensioners.

All of these publications are online at our website www.kgbd.co.uk; alternatively, they may be obtained from the relevant person shown as the relevant company contact on page 40.

The Pension Schemes Registry

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

Address:

The Pension Schemes Registry
PO Box INN
Newcastle-upon-Tyne
NE99 INN

Telephone:

0191 225 6316

The Pensions Regulator (tPR)

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

Address:

TPR, Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Telephone:

01273 811800

Trustee Board Report

Financial and Actuarial Review

Financial Review

During the year to 31 March 2005, (member related) income from contributions and transfers-in was lower than the Scheme's spending on pensions, other benefits and expenses by approximately £122 million. Spending on pensions, other benefits and expenses included a bulk transfer-out of approximately £142 million in respect of the Comet membership.

However, the Scheme's investment income, plus the increase in the market value of its investments, resulted in the fund value at the year end of £914 million being only £26.6 million lower than the value at the commencement of the year which was £940.6 million.

The Investment Report on pages 17 to 23 gives more information on the investment background, strategy and performance over the year.

Actuarial Review

The financing of the Scheme is subject to regular review by the Actuary. The main purpose of a review (Actuarial Valuation) is to assess the adequacy of the fund and the level of contributions necessary to maintain the financial

soundness of the Scheme in relation to benefits that have accrued and will accrue to members and their dependants. These reviews normally occur every three years.

Although a valuation was carried out at 31 March 2002, the Trustees decided that an additional valuation should be carried out at 31 March 2004 following the bulk transfer out of Comet members. The data used, and the results and recommendations of the valuation report refer to the Final Salary Section.

The 2004 Valuation showed that the long-term rate of employer's contribution required to cover the accrual of future service benefits (including an allowance for administrative expenses) is £40 million p.a. subject to review at the next triennial valuation.

In addition, the participating companies have agreed to pay additional lump sum contributions in three installments of £130million, £60 million and £60 million in the years to 31 January 2006, 31 January 2007 and 31 January 2008 respectively.

The Actuary's Statement is shown on page 27.

Trustee Board Report

Advisers and Investment Managers

Actuary	Peter Sisson (partner in the firm of Watson Wyatt LLP)
Auditor	KPMG LLP
Bankers	Barclays Bank PLC
Investment Final Salary Section	Axa Rosenberg Investment Management Limited Deutsche Asset Management Limited Gartmore Investment Management plc Legal & General Assurance (Pensions Management) Limited London Life Limited Prudential Assurance Company Limited State Street Global Advisors UK Limited Western Asset Management Company Limited Morley Fund Management Limited Wellington Management International Limited
Money Purchase Section	Standard Life Investments
Custodian Final Salary Section Money Purchase Section	State Street Bank & Trust Company Standard Life Investments
Solicitors	Mayer Brown Rowe & Maw LLP

Investment Report

Investment Objectives

The Pension Scheme has for many years adopted an investment objective which could be briefly stated as “to achieve a return on the Scheme’s assets over the longer term that exceeds the growth of the Scheme’s liabilities (due to salary increases and price inflation) consistent with an acceptable degree of risk measured in terms of variability in funding level (defined as assets divided by liabilities)”.

The closure of the Scheme to entrants for the provision of “final salary” retirement benefits introduces for the first time a definite time horizon for the existence of the Final Salary Section (there will eventually be only one pensioner left to pay!!) and as such, the investment objectives need to change to reflect this. The Trustees are currently reviewing the objectives of the Final Salary Section with a stated desire to reduce risk over a period of time. This will be achieved by switching to less volatile assets (such as Government Gilts) which will be purchased to match the movement in the Final Salary Section’s liabilities and provide the greatest security for members.

The Scheme’s funding and investment objectives, together with full details of the relevant processes, are set out in the ‘Statement of Investment Principles’, copies of which are available by writing to the Group Pensions Department at the address shown on page 40. These documents are currently being revised to reflect the ongoing review and further announcements will be made over the coming months.

The charts on pages 18 and 19 illustrate the current allocations by asset type, investment manager and geographical spread. Further details of the investment objectives and performance of each manager can be found on page 21.

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

Socially Responsible Investment

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

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

However, the Trustee Board recognises that because of the need to closely track the Index benchmarks, it is not appropriate for the Scheme’s passive managers (see page 21 for details of the investment managers) to take account of social, environmental or ethical considerations in the construction of their portfolio. However, the Trustee Board also encourages its passive managers to pursue policies of engagement with the companies in which they invest funds.

Corporate Governance

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

Investment Report

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

Custody of Assets

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

In respect of the Money Purchase Section, the custody (safekeeping) of these assets is carried out by the manager, Standard Life Investments.

Investment Strategy

Final Salary Section

As mentioned above, the Trustees undertook a major review of the Scheme's investment objectives and the investment strategy required to achieve those objectives following the changes made to the Scheme in April 2004, with the Trustees' stated desire being to reduce investment risk in a controlled manner, whilst leaving sufficient flexibility to produce positive returns in the future.

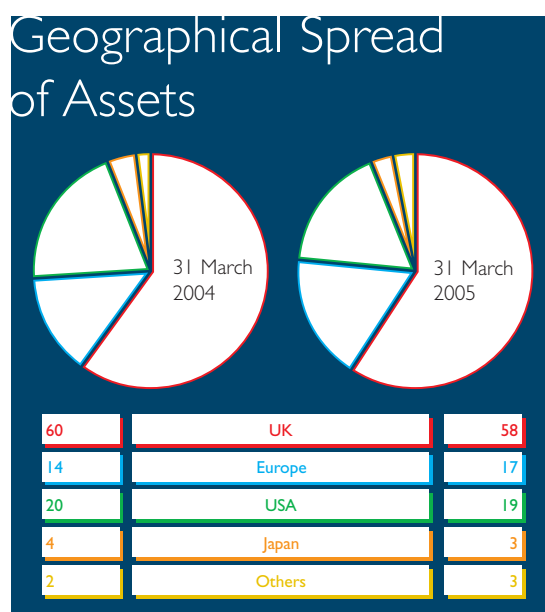
To date, the Trustees have agreed high level funding targets with the Company and are developing strategies designed to meet the objective of being 'fully funded' on a Gilts basis (least risk) within twenty years. This strategy will involve selling more volatile assets such as equities, and gradually buying more bonds which better match the pensions provided by the Scheme.

The final strategy will, as in previous years, involve the Scheme's assets being spread across a number of asset classes and geographic areas. This diversified spread of assets will (as now) be designed to deliver the Scheme's required investment performance in a risk controlled manner.

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

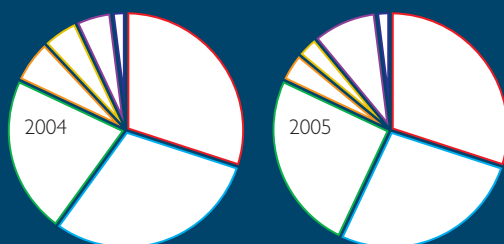
The Final Salary Section does not hold shares directly in Kingfisher plc.

The existing investment strategy will remain in place until the conclusion of the current review and is illustrated by target asset allocation, asset type, investment manager and geographical spread by the charts below.



Investment Report

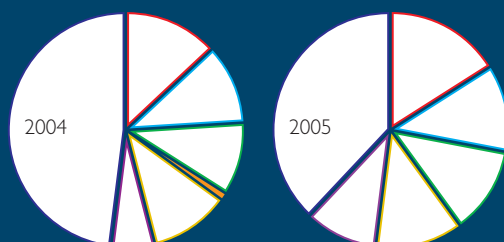
Distribution of Scheme Assets



30	UK Equities	30
30	Overseas Equities	27
22	Fixed Interest	25
6	Index-Linked Gilts	4
5	Cash & Cash Instruments	3
5	Property	9
2	AVC Funds	2

The phased allocation to property to ensure the Scheme obtains the most favourable terms continues.

Distribution of the Fund by Investment Managers



13	AXA Rosenberg (UK Equity)	16
11	Gartmore Investment Managers (Fixed Interest)	12
10	Western Asset (Fixed Interest)	12
1	Deutsche Asset Management (Cash)	0
11	Wellington Management (Global Equity)	12
6	Morley Fund Managers (Property)	10
48	State Street Global Advisors (Passive Global Equities and Bonds)	38

Investment Strategy

Money Purchase Section

The strategy to achieve the investment objectives of the Money Purchase Section involves the Scheme's assets being spread across a number of asset classes and geographic areas. The assets are invested in unit linked arrangements, wrapped in insurance policies, managed by Standard Life Investments.

The Trustees make available a range of investments via pooled funds, which seek to:

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

Currently the Trustees offer three Lifestyle strategies which involve automatic switches from predominantly equities to fixed interest and cash funds as the target retirement date approaches. In addition, the Trustees offer a number of funds offering specific equity, bond or cash investments which may be selected by members instead of the Lifestyle options.

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

Investment Report

Investment Background

Final Salary Section

Equities

Global equity markets continued to grow on the back of US and Asian, notably Chinese, growth. This growth was tempered by rising energy costs and European and Japanese sluggishness.

UK

UK equities saw decent but weaker returns during the year as the economy continued growing at a slower rate. Inflationary fears due to high oil prices were alleviated by some decent corporate earnings growth. The Bank of England increased the base rate 3 times to 4.75% which saw a slowdown in consumer spending towards the end of 2004. This hit the retail and housing sectors with several companies announcing profit warnings. However equities started 2005 well with bid speculation and announced deals lifting stocks higher. A "late cyclical" rally also buoyed markets before inflation and interest rate increase fears brought a disappointing end to the year.

The FTSE All Share Index returned 15.6% over the year.

US

US equity market performance was somewhat muted from a combination of a falling dollar and interest rate rises. Although manufacturing and capital spending continued strongly, retail sales slowed during the year. The energy sector performed well on the back of rising oil prices. Equities were given a boost following the return of the Republican president but this was short-lived as interest rate rises together with accounting irregularities at some major financial players resulted in a subdued end to the year.

The FTSE AW USA Index returned 3.8% in Sterling terms over the year.

Continental Europe

European performed strongly on the back of good energy stocks performances in the Netherlands and Norway. Pharmaceutical companies were hit by product withdrawal in the US, unfavourable drug side-effects and regulatory risk. Telecommunications rose on Italian consolidations whilst insurers dragged the market due to a particularly bad hurricane season.

FTSE-W Europe (excluding UK) Index returned 18.2% in Sterling terms over the year.

Japan

Japanese equities continued their very poor performance as the country struggled to escape its deflationary economic environment.

The FTSE-AW Japan Index returned -4.3% in Sterling terms over the year.

The Pacific Basin

Asia Pacific (excluding Japan) equities continued their strong performance driven by a strong resource sector.

The FTSE-AW Developed Asia Pacific (excluding Japan) Index returned 18.5% in Sterling terms over the year.

Fixed Interest (Bonds)

After a positive first quarter bond yields fell throughout the year. European yields dropped on concern with the negative impact the strength of the euro was having on exports to the US. Japanese yields also fell due to fears of economic slowdown in the US and China and an increased domestic demand linked to the fiscal year end. US yields rose on the strength of the economy, weakness of the dollar and comment from the Chairman of the Federal Reserve. UK yields fell over the year as interest rates were increased.

Over the year the JP Morgan (Global excluding UK) Index returned 2.3% in Sterling terms and the FTSE A All Stocks Gilts Index returned 5%.

Investment Performance

Final Salary Section

The performance of the Scheme's investments is measured against the scheme specific benchmark and other UK pension schemes of various sizes by an independent external measurement service, Russell Mellon. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2005 was 10.8%, outperforming the scheme specific benchmark (10.2%) by 0.6%.

Reviewing performance over the longer periods is more relevant to the Scheme's long-term objectives. Over three and five year periods, the annual returns were 3.2% and 0.7% compared to the average of 3.1% and -0.2% respectively. These returns reflect the following markets during this period.

Current Managers' Objectives and Achievements

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

UK Equities

AXA Rosenberg's UK Equity portfolio objective is to out-perform the FTSE All-Share Index by 2% per annum (net of base fees) over rolling three year periods. Over the rolling 3 year period AXA Rosenberg whilst outperforming its benchmark (i.e. the FTSE All-Share Index), did not achieve the objective. AXA Rosenberg's fees are market-value based with a performance-related element.

Global Equities

Wellington Management's objective is to out-perform the MSCI World Index return by 2% per annum (net of base fees) over rolling three year periods. Over the year, Wellington did not achieve its objective. Wellington Management's fees are market-value based with a performance based element.

State Street Global Advisors' objective is to deliver a return to within 0.5% of the rolling annual total return and within 0.25% per annum over rolling three-year period of its 'benchmark'. The 'benchmark' is made up of UK and Overseas Equity securities and comprises the following indices: 43.4% FTSE-All Share Index; 24.4% FTSE-All World North America; 19.3% FTSE-All World Europe ex-UK; 5.6% FTSE-All World Japan and 7.3% FTSE-All World Pacific Basin ex Japan. Over the year State Street Global Advisors achieved their objective. State Street is remunerated on the basis of a fixed fee.

Fixed Interest

Gartmore's fixed interest portfolio has the objective of out-performing its 'benchmark' by 1.5% per annum (net of base fees) over rolling three year periods. The 'benchmark' is made up of UK and Overseas Fixed Interest securities and comprises the following indices: 25% FTSE Actuaries All-Stocks Gilts Index; 25% Merrill Lynch Sterling Non-Gilts Index; 20% FTSE Actuaries Over-5 Year Index-Linked Gilts Index and 30% JP Morgan WXUK Index (fully hedged). Over the year Gartmore outperformed its benchmark but did not achieve its objective. Gartmore's fees are market-value based with a performance-related element.

Western Asset's fixed interest portfolio has the objective of out-performing its 'benchmark' by 1% over rolling three year periods (net of base fees). The 'benchmark' is made up of UK and Overseas Fixed Interest securities and comprises the following indices: 35% Merrill Lynch Sterling Non-gilts Index; 27.5% FTSE-A All Stocks UK Gilts Index; 27.5% JP Morgan Global Government Bonds (Traded) ex UK Index (Sterling-hedged) and 10% FTSE-A Index-linked Gilts Over 5 Years Index. Over the rolling three-year period, Western Asset outperformed its benchmark but did not achieve its objective. Western Asset's fees are market value-based with a performance-related element.

Investment Report

State Street Global Advisors' objective is to deliver a return to within 0.5% of the rolling annual total return and within 0.25% per annum over rolling three-year period of its 'benchmark'. The 'benchmark' is made up of UK and Overseas Fixed Interest securities and comprises the following indices: 22.2% FTA British Government All-Stocks Index; 31.3% FTA British Government (Over 5 Years) Index-Linked Gilts Index; 30.1% JP Morgan Global Government (ex-UK) Bond Index and 16.4% Merrill Lynch Sterling Non-Gilts All Stocks. Over the year State Street Global Advisors achieved their objective. State Street is remunerated on the basis of a fixed fee.

Property

Morley Fund Management's property portfolio has the objective of out-performing the CAPS Pooled Property Median by 0.5% (net of fees) per annum over rolling three year periods. Over the year Morley did not achieve its objective primarily as a result of the phased implementation of its portfolio. Morley is remunerated on a fixed fee basis.

Cash and Cash Instruments

Deutsche Asset Management's objective is to achieve a total return (net of base fees) which exceeds the Seven Day Sterling LIBID. During the year, Deutsche Asset Management did not achieve its objective. Deutsche Asset Management's fees are market-valued based.

Trustee's Cash

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

Money Purchase Section

All the assets attributed to the money purchase section, including members' AVCs but excluding cash required for transaction purposes, are presently invested in a range of funds managed by Standard Life. Members have the option to invest in one of three lifestyle approaches or select from a range of individual funds, listed below.

Each of the lifestyle approaches represents investment in a range of funds, comprising the first five funds listed below. It is not possible to compare the performance of each lifestyle approach with a stated objective.

Consensus Lifestyle

This approach attempts to balance the opportunity for maximizing returns whilst reducing the volatility as retirement approaches.

Cautious Lifestyle

This approach takes a more cautious approach to investing whilst still delivering above average returns in the early years.

Consensus plus Lifestyle

This approach strives for maximum possible returns whilst accepting greater volatility throughout its life.

FTSE Tracker One Fund

The fund invests in a broad spread of UK listed equities which are constituents of the FTSE All-Share. The fund's objective is to closely track the performance of the FTSE All-Share Index. Over the year the fund met its objective.

Overseas Tracker One Fund

The fund is a fund of funds investing in the US Equity Tracker, European Equity Tracker, Japanese Equity Tracker, Pacific Basin Equity Tracker funds. The objective is to match the returns of the FTSE World Ex UK index. The fund has run less than one year.

Investment Report

Corporate Bond Fund

The fund invests in the UK non-gilt fixed interest market. Its objective is to outperform the Merrill Lynch non Gilt Sterling Allstocks bond index by 0.8% pa. gross of fees. Over the year the fund met its objective.

UK Gilt Tracker Fund

The fund invests in UK gilts. The objective of the gilt tracker fund is to match the return within 15 basis points of the FTSE All Stocks Gilt total return index over all periods before all costs. Over the year the fund met its objective.

Index Linked One Fund

The fund's objective is to outperform the FTSE-A Index Linked Gilt over 5 Year index by 0.6% pa gross of fees in each calendar year by investing in an actively managed portfolio of mainly index linked fixed interest securities. Over the year the fund did not meet its objective.

Global Equity (50:50) One Fund

The Global Equity 50:50 Fund is an equity fund split equally between the UK and overseas equity markets. The proportions held are decided after reviewing the prospects for each market and will vary from time to time around the long term strategic asset allocation of 50% in UK equities and 50% in overseas equities. The fund is benchmarked equally between the FTSE All Share Index and FTSE AllWorld ex UK Index and aims to outperform the benchmark by 2% per annum. Over the year the fund did not meet its objective.

Global Equity (50:50) Tracker One Fund

The fund invests in a broad range of equities which are constituents of the FTSE All-Share and FTSE World (excl. UK) indices. The fund's benchmark is to closely track the performance of the FTSE All-Share and FTSE World (excl. UK) indices. Over the year the fund met its objective.

Global Equity Manager of Managers Fund

The fund is an equity fund split equally between the UK and overseas equity markets. The fund has run less than one year.

UK Equity Manager of Managers Fund

The fund invests in a broad range of UK equities to give a spread over the market's most attractive sectors. The fund has run less than one year.

Pension Protection One Fund

The fund invests in long-dated government gilts. The fund's objective is to track broadly long term interest rates. Over the year the fund met its objective.

Pension Sterling One Fund

The fund's objective is to outperform the median over periods up to and including one year of the ABI Money market sector by investing in an actively managed portfolio of mainly short dated Sterling deposits. Over the year the fund met its objective.

Independent Auditor's Report

To the trustee of the Kingfisher Pension Scheme

We have audited the financial statements which are set out on pages 30 to 39.

This report is made solely to the scheme trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the scheme trustee those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditors

The trustee's responsibilities for obtaining an annual report, including audited financial statements prepared in accordance with applicable United Kingdom law and accounting standards, are set out in the statement of trustee's responsibilities on page 29.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 March 2005 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year) and contain the information specified in Regulation 3 of and the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

KPMG LLP
Chartered Accountants
Registered Auditor
1 Canada Square
London E14 5AG

23 June 2005

Statement of Trustees' Responsibilities in respect of Contributions

The Scheme's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the

dates on or before which such contributions are to be paid. The Scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the scheme and for procuring that contributions are made to the scheme in accordance with the schedule.

Trustees' Summary of Contributions payable under the schedule in respect of the Scheme year ended 31 March 2005

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Scheme under the schedule of contributions

certified by the Scheme Actuary on 1 April 2004 in respect of the Scheme year ended 31 March 2005. The Scheme Auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

Contributions payable under the schedule in respect of the Scheme year

Employer:

normal contributions
special contributions

Member:

normal contributions

Contributions payable under the Schedule (as reported on by the Scheme Auditor)

Reconciliation of contributions

Reconciliation of contributions payable under the schedule to contributions reported in the Accounts in respect of the Scheme year

Contributions payable under the Schedule (as above)

Contributions payable in addition to those due under the Schedule
(and not reported on by the Scheme Auditor):

Member additional voluntary contributions

Total contributions reported in the Accounts

£'000s
44,478
550
15,215
60,243
60,243
810
61,053

A.J. Stanworth

J.C. Woodward

For Kingfisher Pension Trustee Limited 23 June 2005

Independent Auditor's Statement

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

We have examined the summary of contributions payable under the schedule of contributions to the Kingfisher Pension Scheme in respect of the scheme year ended 31 March 2005 which is set out on page 25.

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

Respective responsibilities of trustee and auditors

As described on page 25, the scheme's trustee is responsible, under the Pensions Act 1995, for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The trustee has a general responsibility for procuring that contributions are made to the scheme in accordance with the schedule of contributions.

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

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

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose, the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions. Our statement about contributions is required to refer to those breaches of the schedule which come to our attention in the course of our work. Our work did not constitute an audit of the financial transactions and net assets of the scheme and was performed solely for the purposes of making this statement about contributions.

Statement about contributions payable under the schedule

In our opinion contributions for the scheme year ended 31 March 2005 as reported in the summary of contributions and payable under the schedule have been paid in accordance with the schedule of contributions certified by the Scheme Actuary on 1 April 2004.

KPMG LLP
Chartered Accountants
Registered Auditor
1 Canada Square
London E14 5AG

23 June 2005

Actuarial Statement

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

Kingfisher Pension Scheme

Valuation as at 31 March 2004

1. Security of Prospective Rights

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

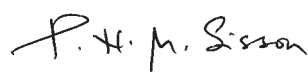
By Members	contributions at the rates set out in the Scheme's documentation
By the Company	20% of salaries to 31 March 2005, then £40m a year subject to review at the next valuation, plus £130m in the year to 31 January 2006, £60m in the year to 31 January 2007 and £60m in the year to 31 January 2008.

2. Summary of Methods and Assumptions used

For the purposes of Section 1, I have assumed that the Scheme will continue. I have adopted the "Projected Unit" Funding method and valued assets at mid-market value.

Main Financial Assumptions		% pa relative to inflation of 3% pa
Investment return:	pre-retirement	4.00
	post-retirement	2.60
Earnings escalation		1.55
Inflation		-
Pension Increases		-0.25

Further details of the methods and assumptions used are set out in my actuarial valuation report addressed to the Trustee dated 30 March 2005.



P.N.M. Sisson
Fellow of the Institute of Actuaries
Partner in the firm of Watson Wyatt LLP
Watson House
London Road
Reigate
Surrey RH2 9PQ

30 March 2005

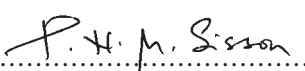
Actuarial Certificate

Actuarial certificate given for the purposes of section 58 of the Pensions Act 1995 (Certificate of Schedule of Contributions)

Name of scheme: Kingfisher Pension Scheme

Adequacy of rates of contributions

- 1 I hereby certify that, in my opinion, the rates of the contributions payable in accordance with the schedule of contributions dated 10 June 2005 are adequate for the purpose of securing that throughout the period it covers the scheme will meet the minimum funding requirement imposed by section 56(1) of the Pensions Act 1995.
- 2 In forming this opinion I have complied with the requirements imposed by sections 56(3) and 58 of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on minimum funding requirement (GN27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries, and have made the assumptions prescribed by them.

Signed: 

P N M Sisson
Fellow of the Institute of Actuaries
Partner
Watson Wyatt LLP

Watson House
London Road
Reigate
Surrey
RH2 9PQ

10 June 2005

Note:

The certification of the adequacy of rates of contributions for the purpose of securing the meeting of the minimum funding requirement is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Statement of Trustees' Responsibilities for the Accounts

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

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

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

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

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

Financial Statement for year ended 31 March 2005

	Notes	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Net assets of the scheme at the beginning of the year		940,554	0	940,554	787,035
Contributions & Benefits					
Contributions receivable	2	59,247	1,806	61,053	48,537
Transfers in	3	2,542	0	2,542	1,968
		61,789	1,806	63,595	50,505
Benefits payable	4	(40,440)	(26)	(40,466)	(40,381)
Payments to and on account of leavers	5	(143,733)	(67)	(143,800)	(2,090)
Administrative expenses	6	(2,091)	0	(2,091)	(1,762)
					(44,233)
Net additions / (withdrawals) from dealings with members		(124,475)	1,713	(122,762)	6,272
Returns on Investments					
Investment income	7	20,095	1	20,096	17,385
Change in market value of investments	8	77,840	67	77,907	131,803
Investment management expenses	9	(1,795)	0	(1,795)	(1,941)
Net returns on investments		96,140	68	96,208	147,247
Net increase / (decrease) in Fund during the year		(28,335)	1,781	(26,554)	153,519
Net assets of the Scheme at the end of the year		912,219	1,781	914,000	940,554

Represented by:

Final Salary Section

Investments	8	915,098	940,263
Debtors	10	213	84
Creditors	11	(2,930)	(2,079)
Cash at Bank		(162)	2,286

Net assets at the end of the year 912,219 940,554

Money Purchase Section

Investments	8	1,557	0
Debtors	10	0	0
Creditors	11	(24)	0
Cash at Bank	12	248	0

Net assets at the end of the year 1,781 0

Net assets of the Scheme at the end of the year 914,000 940,554

The Notes on pages 31 to 39 form part of this Financial Statement.

Tony Shaw

J.C. Woodward

A.J. Stanworth

For Kingfisher Pension Trustee Limited

J.C. Woodward

23 June 2005

Notes to the Financial Statement

I. Accounting Policies

These Financial Statements have been prepared in accordance with the provisions of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised November 2002).

These Financial Statements summarise the transactions of the Scheme and deals with the net assets at the disposal of the Trustee Board. It does not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such liabilities, is dealt with in the Actuarial Statement on page 27.

The following accounting policies have been applied:

- a) Employee contributions are accounted for from the date of deduction from payroll, and employer contributions are accounted for in the period to which the corresponding pay relates. Employer special contributions are accounted for in accordance with the agreement under which they are being paid.
- b) Benefits are accounted for on the date of leaving, or if a member has a choice of benefits, on notification of choice to the Scheme.
- c) Individual transfer values to or from other schemes are accounted for on a cash basis. Group transfers are accounted for on a cash basis except where the Trustee Board has agreed to accept the liability in advance of the funds, in which case the transfer is accrued in accordance with the terms of the agreement.
- d) Securities have been included at mid-market values at 31 March 2005. Unit funds have been valued at the mid-point quoted by the unit manager on the date nearest 31 March 2005, other than the unit funds related to the Money Purchase Section which have been valued at the unit price advised by The Standard Life Assurance Company. Futures contracts are valued at market prices at the year end on the associated economic exposure basis. The associated economic exposure of a futures contract is the value of an amount of securities which, if held as an alternative to the futures contract, would provide a similar return in the market to that obtained on the futures contract. Other derivative contracts are included at market value.
- e) Any transaction in foreign currency is converted to Sterling at the exchange rate ruling at the transaction date. Assets and liabilities are translated at year end rates.
- f) Dividends, fixed interest income and deposit interest have been accounted for on an accruals basis.
- g) Administration and investment management expenses are accounted for on an accruals basis.

Notes to the Financial Statement

2. Contributions Receivable

Final Salary Section 2005

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	13,389	782	40,932	176	55,279
Comet	0	0	0	0	0
Others	891	28	2,694	355	3,968
Total Contributions	14,280	810	43,626	531	59,247

Money Purchase Section 2005

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	894	0	852	0	1,746
Comet	0	0	0	0	0
Others	41	0	0	19	60
Total Contributions	935	0	852	19	1,806

Total 2005

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	14,283	782	41,784	176	57,025
Comet	0	0	0	0	0
Others	932	28	2,694	374	4,028
Total Contributions	15,215	810	44,478	550	61,053

Total 2004

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	8,428	1,079	23,923	145	33,575
Comet	2,919	415	7,928	16	11,278
Others	765	91	2,106	722	3,684
Total Contributions	12,112	1,585	33,957	883	48,537

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

Notes to the Financial Statement

3. Transfers In

	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Group Transfers in from Kingfisher Retirement Trust*	1,908	0	1,908	0
Individual transfers-in from other schemes	634	0	634	1,968
Total	2,542	0	2,542	1,968

* Following the closure of the Kingfisher Retirement Trust (KRT), active members of the Trust at 31 March 2004 who elected to join the Final Salary Section from 1 April 2004 were offered the opportunity to transfer their KRT benefits to the Final Salary Section.

4. Benefits Payable

	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Lump sums on retirement	5,768	4	5,772	5,595
Lump sums on death	2,068	0	2,068	1,630
Gross pensions	32,880	0	32,880	33,452
Less Annuities	(276)	0	(276)	(296)
MP life premiums paid to FS	0	22	22	0
Total	40,440	26	40,466	40,381

5. Leavers

	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Bulk transfers (note 14)	141,616	0	141,616	111
Individual transfers-out	1,283	0	1,283	1,287
DVP Premiums	524	0	524	385
Refunds of contributions	310	67	377	307
Total	143,733	67	143,800	2,090

6. Administrative Expenses

The Scheme bears all its administration expenses. The expenses are borne by the Final Salary Section and consist of the costs incurred on behalf of the Trustee Board by the Group Pensions Department and are detailed below.

	Final Salary £'000	Money Purchase £'000	2005 £'000	2004 £'000
Staff costs	997	0	997	1,100
Rent, rates and service charges	380	0	380	350
Professional fees	245	0	245	220
Communications and printing	101	0	101	34
General	129	0	129	110
Computing	55	0	55	(52)
Valuation	184	0	184	0
Total	2,091	0	2,091	1,762

Notes to the Financial Statement

7. Investment Income

	Final Salary £'000	Money Purchase £'000	2005 £'000	2004 £'000
Income from fixed interest securities	9,079	0	9,079	8,371
Dividends from equities	6,490	0	6,490	6,142
Income from index-linked securities	410	0	410	553
Income from pooled investment vehicles	3,217	0	3,217	965
Interest on cash and cash instruments	1,025	1	1,025	1,463
Sub total	20,221	0	20,222	17,494
Irrecoverable taxation	(126)	0	(126)	(109)
Total	20,095	1	20,096	17,385

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

8. Investments

FINAL SALARY SECTION

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

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

	Value at 31 March 2004 £'000	Purchases £'000	Sales £'000	Movement in Value £'000	Value at 31 March 2005 £'000
Fixed Interest securities	168,261	388,724	(380,842)	3,468	179,611
Equities	216,992	183,420	(176,652)	19,306	243,066
Index Linked securities	18,123	6,138	(7,417)	542	17,386
Pooled Investment Vehicles	474,362	197,281	(295,743)	52,017	427,917
AVCs	20,003	855	(5,069)	731	16,520
	897,741	776,418	(865,723)	76,064	884,500
Cash & Cash instruments	40,237			1,780	24,496
Outstanding dividends, withholding taxes and interest rec'ble	4,934			5	6,317
Debtors	1,772			2	4,106
Creditors	(3,532)			(11)	(3,561)
Investment manager fees	(889)			0	(760)
	940,263			77,840	915,098

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Pooled investment vehicles are operated by companies that are registered in the UK.

Notes to the Financial Statement

8.2 continued

Details of the Final Salary Section investments held at year end

	2005 £'000	2004 £'000
Fixed interest securities		
UK public sector quoted	35,082	53,917
UK quoted	61,100	61,540
Overseas public quoted	78,071	43,937
Overseas quoted	10,218	8,813
UK options	505	0
Overseas options	341	54
UK Futures contracts	(5,696)	0
Overseas Futures contracts	(10)	0
	179,611	168,261
Equities		
UK quoted	147,257	127,494
Overseas quoted	95,809	89,498
	243,066	216,992
Index linked securities		
UK public sector	17,386	18,123
	17,386	18,123
Pooled Investment Vehicles		
Unit trusts		
- property	63,920	28,365
- other		
UK equity	119,786	156,370
Overseas equity	153,228	197,503
UK fixed interest	28,095	25,828
Overseas fixed interest	21,440	13,572
UK Index linked	22,714	37,126
Managed funds		
- property	18,734	15,598
	427,917	474,362
Cash and Cash Equivalents		
Cash deposits	15,254	25,930
Short term liquidity funds	3,536	14,361
Cash backing open fixed int. futures	5,706	(54)
	24,496	40,237

The companies operating the pooled investment vehicles are all registered in the UK.

Notes to the Financial Statement

8.3 AVC Investments

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

	2005 £'000	2004 £'000
Prudential	14,454	17,576
London Life – surrender value	633	763
Legal & General unit linked AVC's	789	1,060
Merrill Lynch unit linked AVC's	644	604
Total	16,520	20,003

8.4 Market Value of the Scheme's largest investments (greater than 5% of total net assets)

	31 March 2005	
	£'000	%
SSgA (Natwest Life) MPF UK Equity Enhanced	119,408	13.05
SSgA (Natwest) Life MPF North American Equities	62,923	6.88
SSgA (Natwest Life) MPF European (ex UK) Equities	54,453	5.95

Notes to the Financial Statement

MONEY PURCHASE SECTION

8.1 The investments of the Scheme are held in the name of the Trustees.

8.2 Summary of Pooled Investment Vehicles showing the movement in value of the funds during the year.

	Value at 1 April 2004	Purchases	Sales	Movement in Value	Value at 31 March 2005
	£'000	£'000	£'000	£'000	£'000
Pooled Investment Vehicles	0	1,638	(148)	67	1,557
Total	0	1,638	(148)	67	1,557

	2005 £'000
Pension Corporate Bond One Fund	80
Pension FTSE Tracker One Fund	329
Pension Global Equity 50:50 One Fund	18
Pension Global Equity 50:50 Tracker One Fund	6
Pension Index Linked One Fund	75
Pension Overseas Tracker One Fund	477
Pension Protection One Fund	5
Pension Sterling One Fund	495
UK Gilt Tracker Fund	72
UBS Global Optimal Fund	0
Invesco Perpetual High Income Fund	0
Pension UK Equity Manager of Managers One Fund	0
Global Equity Manager of Managers One Fund	0
Total	1,557

All of the investment assets above have been designated to members of the Money Purchase Section.

Pooled investment vehicles are operated by companies that are registered in the UK.

Money purchase assets are allocated to provide benefits to the individuals on whose behalf the contributions were paid and assets identified as designated to members in the Net Asset Statement do not form a common pool of assets available for members generally.

Members receive an annual statement confirming the contributions paid on their behalf and the value of money purchase rights.

Notes to the Financial Statement

9. Investment Management Expenses

	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Investment managers fees	1,462	0	1,462	1,763
Custody Services	143	0	143	135
Performance Measurement and Risk Reporting	37	0	37	37
Other Services	5	0	5	6
MP Investment Manager Administration fees	148	0	148	0
Total	1,795	0	1,795	1,941

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

10. Debtors

	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Tax recoverable	57	0	57	35
Inter-company expenses due from KRT	96	0	96	46
Others	60	0	60	3
Total	213	0	213	84

11. Creditors

	Final Salary £'000	Money Purchase £'000	Total 2005 £'000	Total 2004 £'000
Tax payable	601	0	601	621
Expenses	254	0	254	135
DWP	59	0	59	36
Sundry Unclaimed Benefits	1,251	0	1,251	406
Inter-company expenses due to Kingfisher plc	160	0	160	415
Others	605	24	629	466
Total	2,930	24	2,954	2,079

Notes to the Financial Statement

12. Unallocated Money Purchase Monies

Included in the assets of the Money Purchase Section is £106,000 that is not designated to members. This is held in cash.

13. Related Parties

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

Kingfisher plc pays some administration expenses on behalf of the Scheme, £1,055,000 this year (2004: £1,503,000) and subsequently recharges these to the Scheme. The balance owing to Kingfisher plc at year end is £160,000.

B&Q plc pays the pensioner payroll expenses on behalf of the Scheme, £30,210,000 this year (2004: £0), and subsequently recharges these to the Scheme. B&Q plc also reimburses pensions no longer payable and at year end the balance owing to the Scheme is £20,000.

The Scheme pays some expenses on behalf of the Kingfisher Retirement Trust, £124,000 this year (2004: £153,000), and subsequently recharges these to the Trust. The balance due from the Kingfisher Retirement Trust at year end is £96,000.

Transfer values of £1,908,000 (2004: £449,000) were received into the Scheme from Kingfisher Retirement Trust.

14. Bulk Transfer

With effect from 1 April 2004, the past service liabilities of members employed by Comet, which left the Kingfisher Group during 2003, transferred to a successor scheme set up by Comet. The bulk transfer payment of £141,616,000 from the Scheme in respect of the transfer was made on 16 December 2004. The transfer payment was made by way of an in-specie transfer of State Street Global Advisers Unitised Funds of £135m, cash of £2.575m and AVC transfers of £4.041m.

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Trustees' Report Trustee

