

Advisors

the Scheme

Trustee's Report

Socially Responsible Investment

Actuarial Review

Custody of Assets

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Governance

report and financial
statements

Year ended 31 March 2009

...it's your Scheme

Kingfisher Pension Scheme

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Kingfisher Pension Scheme

Chairman's Introduction

I am pleased to present my review of the Scheme for the year ending 31 March 2009.

The last twelve months has seen unprecedented volatility in global stock markets due to the effects of the 'credit crunch', with a significant loss of confidence in the banking system and the severe downturn in US and UK housing markets.

Against this background, the Trustee has continued to monitor its investment strategy during the year and continued with the de-risking of the Scheme's final salary section's investment portfolio from equities to bonds. Without this de-risking and the interest and inflation hedging programme, both the funding level and investments would have fallen more significantly.

I reported last year that the Trustee had commissioned a full review of the investment funds available to members under the Money Purchase Section. This review has progressed during the year and was expanded to include the administration arrangements. The outcome of the review has led the Trustee to decide to appoint a new service provider with a simpler and more easily understood range of self select and life styling investment funds. These new investment funds and new administration arrangements, along with the provision of online member access are scheduled to be introduced in the autumn of 2009. Currently, a comprehensive communication programme to all the members is being developed by Group Pensions and all members will be contacted in the coming months.

During the year, there have been a number of changes to the Trustee Board and its committee structure.

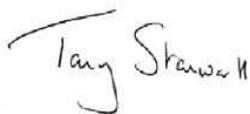
Following last year's successful member nominated directors process, we welcomed Naomi Wagner onto the Board and we were able to create a short list of candidates for possible future vacancies.

During the course of the year, Alison Fellows, a Member Nominated Director, resigned from the Board and we were able to replace her with Sally Clifton from B&Q who was one of the short listed candidates. I welcome both Naomi and Sally to the Board and thank Alison for her valuable contribution.

Also during the course of the year, Charles Woodward, an independent trustee director since 1992, gave notice of his intention to retire, effective from the end of September 2009. In order to ensure a transfer of experience, the Trustee decided to appointment a replacement early allowing time for Charles to pass on his experience to the new Independent Trustee. I am pleased to report that Clive Gilchrist, CEO of BESTrustees Plc, joined the Board with effect from 1 March 2009, and has been working with Charles to ensure a seamless handover.

As a result of a review of the workings of the Board's sub-committees, changes were also made to these committees. The former Sealing Committee was merged with the Accounts & Audit Committee and renamed the Accounts, Audit & Governance Committee. In recognition of the increasing importance of the money purchase section, a new Defined Contribution & Retirement Committee was established. The existing Investment and Benefit Committees remain unchanged.

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



Chairman
Kingfisher Pension Trustee Ltd

23 June 2009

Kingfisher Pension Scheme

Trustee and Advisors

Trustee	Kingfisher Pension Trustee Limited
Board of Directors	Tony Stanworth, Chairman Charles Woodward BESTrustees plc, represented by Clive Gilchrist (appointed 1 March 2009) Charles Clayton (appointed 1 September 2008) Sally Clifton (appointed 1 March 2009) Terry Hartwell (resigned 30 April 2009) Helen Jones Tony Williams (resigned 30 April 2009) Alison Fellows (resigned 31 December 2008) Karl Lidgley Val Struthers Naomi Wagner (appointed 1 June 2008)
Secretary to the Trustee	Dermot Courtier
Actuary	Neil Mobbs, Watson Wyatt Limited
Auditor	KPMG LLP
Bankers	Barclays Bank plc
Legal Adviser	Mayer Brown International LLP Freshfields Bruckhaus Deringer LLP
Investment Consultants	Watson Wyatt Limited
Final Salary Section Investment Managers	AXA Rosenberg Investment Management Ltd Aviva Investors (formerly Morley Fund Management Limited) European Credit Management Limited Goldman Sachs Asset Management International PIMCO Europe Limited Rogge Global Partners plc State Street Global Advisors UK Limited Wegelin Asset Management Wellington Management International Limited Western Asset Management Company Limited
AVC Providers	BlackRock Investment Management (UK) Ltd Legal & General Assurance (Pensions Management) Ltd London Life Limited Prudential Assurance Company Limited
Custodian	State Street Bank & Trust Company
Money Purchase Section Investment Manager and Custodian	Standard Life Investments
Pensions Administrators Final Salary Section	Kingfisher plc Group Pensions Department 3 Sheldon Square, Paddington, London W2 6PX
Money Purchase Section	Standard Life Assurance Company Ltd

Kingfisher Pension Scheme

Trustee's Report

Introduction

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

During the Scheme year under review:

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

This report gives information about the Scheme and its management in the Scheme year 2008/2009.

Financial development of the Scheme

The Financial Statements of the Scheme for the year ended 31 March 2009, as set out on pages 28 to 40 have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The value of the Scheme's net assets at 31 March 2009 was £1,284.1m, a decrease of £199m from 31 March 2008. The Investment Report on pages 15 to 24 provides information on the investment background, strategy and performance over the year.

Actuarial Review

The Financial Statements set out on pages 28 to 40 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Final Salary Section these liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Final Salary Section and the level of contributions payable.

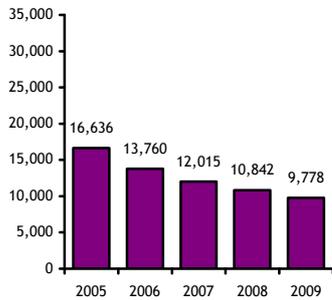
The 2007 Valuation showed that the annual rate of employer's contribution required to target full funding on a gilts basis by 2024 (including an allowance for administrative expenses over that period) is £45 million p.a. increasing in line with inflation every three years. This rate is subject to review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

The formal actuarial certificate required by statute to be included in the Annual Report from the Scheme Actuary appears on page 43. In addition, the Trustee has included the most recent Actuarial Certificate of the calculation of the technical provisions on page 44.

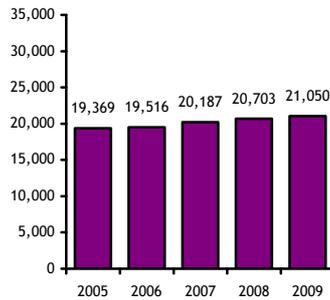
Kingfisher Pension Scheme

Five Year Summary at 31 March

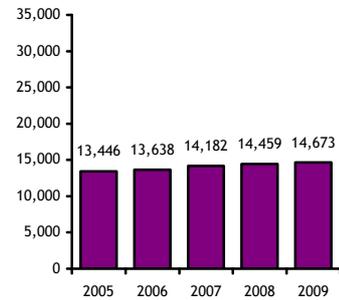
Active Members



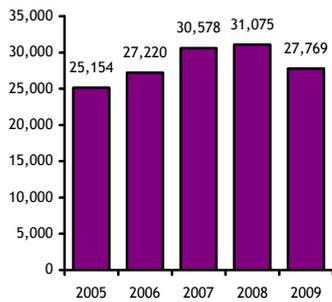
Deferred Pensioners



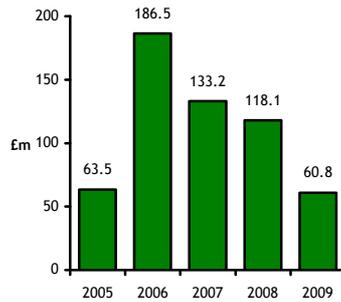
Pensioners & Dependants



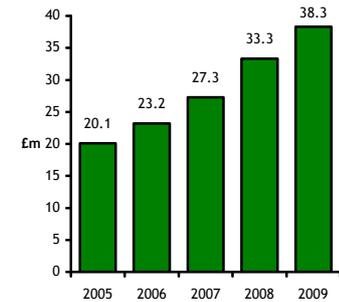
Life Assurance Only Members ¹



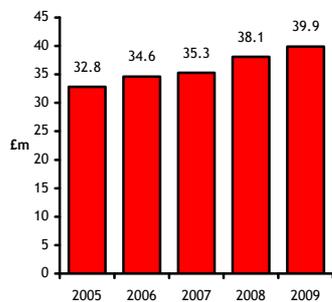
Income - Contributions & Transfer Values



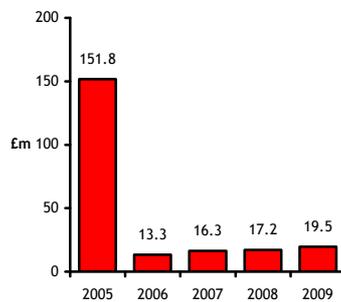
Income - Investment



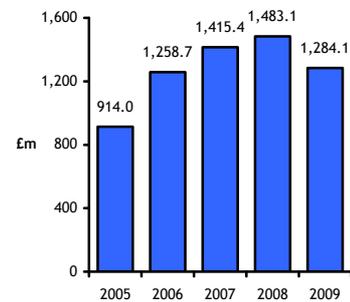
Expenditure - Pensions



Expenditure - Other Benefits & Expenses ²



Fund Value



¹ 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.

² Includes a bulk transfer of approximately £142 million.

Kingfisher Pension Scheme

Contributions

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

Final Salary Section

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

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

Money Purchase Section

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

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

Company Additional Contributions

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

In July 2008 B&Q paid additional contributions of £1,180,000 in respect of those members who had transferred their assets from the Dickens Pension & Life Assurance Scheme into the Kingfisher Pension Scheme in February 2008.

Additional Voluntary Contributions (AVCs)

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

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

Kingfisher Pension Scheme

Final Salary Section

Members of the Final Salary Section have a choice of:

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

At the year end, there were 906 active members with AVC accounts. There were also 2,308 deferred members with AVC accounts.

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

Money Purchase Section

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

At the year end, there were 82 active members paying AVCs.

Transfer Values

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

Kingfisher Pension Scheme

Membership

There are three categories of membership within the Scheme:

Active members

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

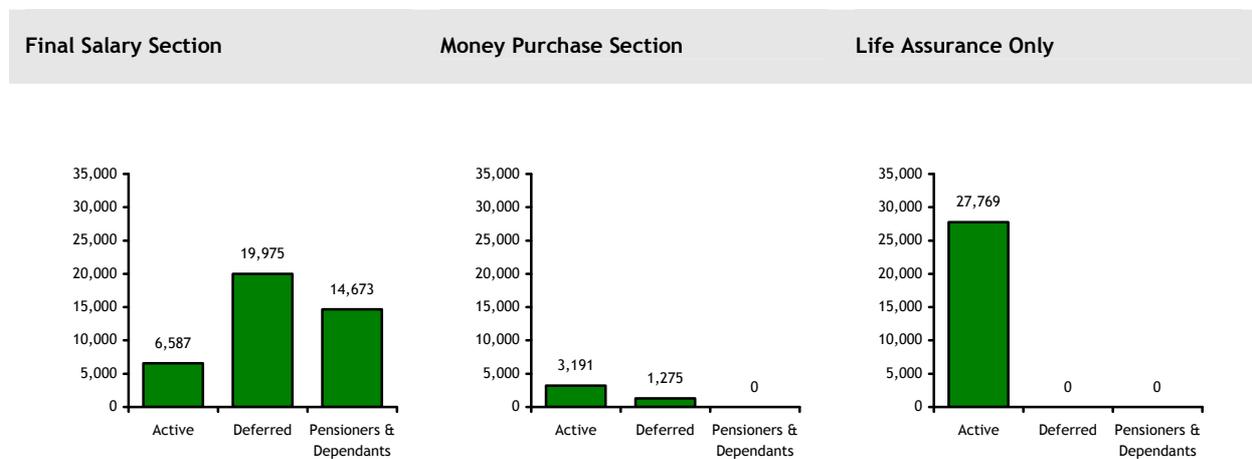
Deferred pensioners

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

Pensioners and Dependants

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

Membership at 31 March 2009



Changes in Membership during the year at 31 March 2009

	Final Salary Section				Money Purchase Section	
	Active	Deferred	Pensioners & Dependants	Life Assurance only	Active	Deferred
At 31 March 2008	7,499	19,696	14,459	31,075	3,343	1,007
New	6	749	970	-	277	318
Deaths	(10)	(32)	(528)	-	(3)	(1)
Retirements	(225)	(580)	0	-	(21)	(11)
Leavers	(683)	(58)	(228)	-	(405)	(38)
At 31 March 2009	6,587	19,775	14,673	27,769	3,191	1,275

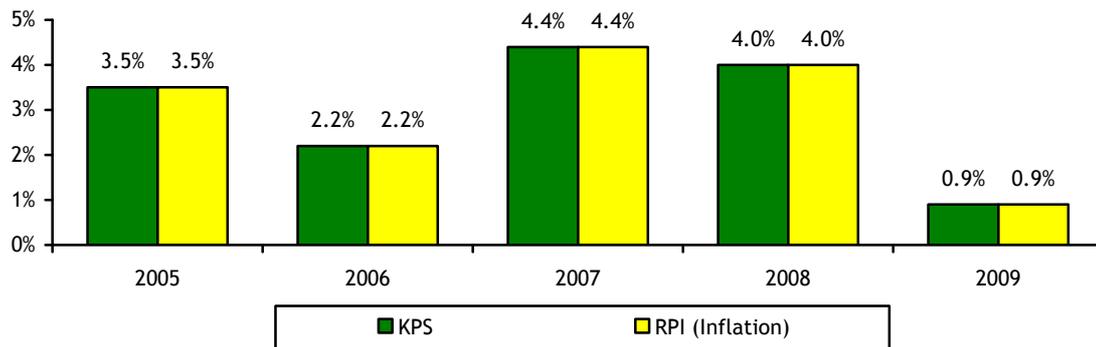
Kingfisher Pension Scheme

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.

Pension Increases over the last five years have been;



Both Jersey and Guernsey have their own Retail Prices Index (3.3% and 1.2% respectively at December 2008) and increases for Channel Islands pensioners are calculated in accordance with these.

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

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

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

Kingfisher Pension Scheme

Governance Report

Scheme Management

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

Administration

The Trustee Board delegates day-to-day administration of the Scheme to the Group Pensions Department of Kingfisher plc. The Trustee Board also delegates aspects of the day-to-day administration of the Money Purchase Section to the 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 Group Pensions Department and Standard Life.

Appointment and removal of Trustee Directors

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

Trustee Directors

In accordance with the Pensions Act 2004, the Trustee Board consists of nine Trustee Directors, known as Trustees, made up of four Employer appointed Directors, an independent Trustee Director and four Member Nominated Directors (MNDs). The MND's serve for a period of four years unless their Trusteeship is terminated or they resign or leave active membership before the end of their term. These Trustee Directors are also able to stand for re-selection for a further one term of four years, making a total of eight years maximum service.

Naomi Wagner was appointed 1 June 2008 as a member nominated director and Charles Clayton was appointed 1 September 2008 as an employer nominated director. Alison Fellows resigned as a member nominated director on 31 December 2008. Clive Gilchrist was appointed as an independent Trustee Director and Sally Clifton was appointed as an employer nominated director on 1 March 2009. Terry Hartwell and Tony Williams resigned as employer nominated directors on 30 April 2009.

Trustee Fees

The fee payable for the services of the Chairman of the Trustee Board, Tony Stanworth, the Member Nominated Director, Val Struthers and Helen Jones are fixed by Kingfisher plc. Charles Woodward and BESTrustees plc also receive a fee as Independent Trustee Directors. The other employer and member nominated directors receive no fees as Trustee Directors but are reimbursed expenses incurred on behalf of the Scheme. The fees received by the Trustee Directors in the year ending 31 March 2009 are set out below and are included in Note 6 to the accounts on page 32.

	2009 £'000s	2008 £'000s
Tony Stanworth (Chairman)	25	25
BESTrustees plc	2	0
Charles Woodward	20	13
Val Struthers	5	5
Helen Jones	3	0

Kingfisher Pension Scheme

Trustee Knowledge and Understanding

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

Board Committees

The Trustee Board monitor and oversee the scheme through committees, which focus on specific aspects of day to day operations. From 18 September 2008 the structure and composition of the four committees was revised. The former Sealing Committee was merged with the Accounts and Audit Committee to form the Accounts, Audit & Governance Committee and a new DC & Retirement Committee was established alongside the existing Benefits Committee and Investment Committee. Each committee reports separately to the Trustee Board and are governed by Terms of Reference and are comprised by a number of Trustee Directors, summarised as follows;

- **Accounts, Audit & Governance Committee**

The members are Charles Woodward (Chairman), Charles Clayton, Helen Jones, Naomi Wagner and Tony Williams (to 30 April 2009). 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 Report to members, monitor financial and internal controls in the form of a risk register, record keeping, expenses and approve budgets of the Scheme.

- **Benefits Committee**

The members are Tony Stanworth (Chairman), Alison Fellows (to 31 December 2008), Helen Jones, Val Struthers and Naomi Wagner (from 1 March 2009). The committee meets as necessary to exercise the Trustee's discretionary powers, particularly in relation to the distribution of lump sum death benefits and the granting of ill health retirement pensions.

- **DC & Retirement Committee**

The members are BESTrustees plc (represented by Clive Gilchrist, Chairman from 1 March 2009), Alison Fellows (to 31 December 2008), Karl Lidgley and Naomi Wagner. The role of the committee is to focus on the monitoring and review of all defined contribution arrangements, to monitor and review the investment performance of the money purchase section and the arrangements for member nominated directors in future years.

- **Investment Committee**

The members are Charles Woodward (Chairman), BESTrustees plc (represented by Clive Gilchrist from 1 March 2009), Charles Clayton, Terry Hartwell (to 30 April 2009), Karl Lidgley, Val Struthers and Tony Williams (to 30 April 2009). The Trustee Board agrees the Scheme's Statement of Investment Principles. Day to day investment management is undertaken by external managers. The role of the committee is to make recommendations to the Trustee Board on strategic issues, monitor and review and decide on manager appointments and terminations.

Kingfisher Pension Scheme

Attendance at Trustee's Meetings

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

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

(+) independent

(#) employer nominated

(*) member nominated

Advice to the Trustee

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

Risk Management Review

The Trustee Board appointed Grant Thornton UK LLP to undertake a Risk Register review. A Risk Register provides a link from internal controls to risk assessment and risk management and allows the Scheme to focus on significant risks to the achievement of its objectives. The Risk Register was approved by the Trustee at the Trustee Board meeting in March 2009.

Additionally, the Trustee Board appointed Faraday Tracing Bureau Limited to undertake a certificate of existence exercise to ensure that pension payments are not made to deceased pensioners.

Conflicts of Interest Policy

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

The Articles of Association of Kingfisher Pension Trustee Ltd were amended to provide a framework for the Trustee Board to authorise conflicts along with the introduction of a conflict of interest policy during the year to identify, monitor and manage conflicts of interest as they arise.

Actuarial Valuations

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

Custody of Assets

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

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

Kingfisher Pension Scheme

Voting Rights

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

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

Trustee Directors

- **Tony Stanworth (Chairman)**

Appointed 30 March 1992. Tony has been a trustee since 1992 and Chairman of the Trustee Board since 2001. He was also Chairman of the Investment Committee from 1997 to 2002 and has been Chairman of the Benefits Committee since 2001. Tony also served as a trustee of the Lowndes Queensway Pension Scheme for 10 years. Before taking early retirement Tony was Group HR Director of Kingfisher from 1997 to 2005 and prior to that was HR Director of B&Q and Superdrug.

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

Appointed 1 March 2009. Clive has over 35 years' experience of the pensions and investment industries and has been Managing Director of BESTrustees plc since its inception in 1992. His early career was in stock-broking and investment management including ten years as investment manager/Director at the Post Office S.S.F./PosTel (now Hermes). He was a Member of the NAPF Council and Investment Committee for many years including two years as Investment Chairman and has also chaired the Pension Committee of The Association of Corporate Trustees.

- **Charles Woodward**

Appointed 30 May 1992. Charles is an actuary with over 30 years' experience in the pensions industry. He was formerly Chief Executive of British Airways Pensions, where he was involved in all aspects of the pension schemes. Charles sat on the National Association of Pension Funds (NAPF) Council for 11 years. During that time he was Chairman both of Council and the Investment Committee and Vice President of the NAPF. He has also been Chairman of the Pension Joint Working Group and the Institutional Shareholders Committee.

- **Charles Clayton**

Appointed 1 September 2008. He has served as the Group Audit & Risk Management Director of Kingfisher since joining the Group in April 2007. He previously spent 4 years at Compass Group and 19 years at Unilever in international finance roles.

- **Sally Clifton**

Appointed 1 March 2009. Sally joined B&Q in 1989 and has performed a number of roles including Computer Audit Manager and Supplier Administration Controller. Sally's current role is Company Secretary, heading up the B&Q Legal Services team. Sally is an Associate member of the Institute of Chartered Secretaries and Administrators, qualifying in 1986.

- **Terry Hartwell**

Appointed 6 November 1998. Currently Group Property Director at Kingfisher plc and also B&Q's Property Director. He was appointed to the B&Q Board in 1990 and has held positions in both Property and Operations, being involved in the creation of B&Q's Warehouse format stores since their inception in the early 1990s. He is Chairman of B&Q Ireland, a Director of B&Q Properties Ltd and is also a committee member of the Policy Advisory Group for the BRC. Terry resigned as a director on 30 April 2009.

Kingfisher Pension Scheme

- **Helen Jones**
Appointed 1 September 2003. Helen was Director of Governance and Corporate Services, responsible for Company Secretarial, Legal and Legislative Affairs, Corporate Governance matters and Group Corporate Responsibility until July 2007. She then took on the role of Director of Government and Industry Relations until retiring in August 2008 having spent 21 years with Kingfisher.
- **Tony Williams**
Appointed 22 February 2007. Currently Group Human Resources Director since joining Kingfisher in June 2005. He spent his early career at GEC and News International before joining WH Smith Retail as Human Resources Director in 1994. Prior to joining Kingfisher he was Group Human Resources Director of Carlton Communications plc. Tony resigned as a director on 30 April 2009.
- **Karl Lidgley**
Appointed 25 November 2005. Karl has worked within the B&Q business side of Kingfisher for a period of 23 years. During his career with B&Q he has worked at all levels in store, from part-time customer advisor through to unit manager, and currently works in the role of Service Manager in Northampton Warehouse.
- **Val Struthers**
Appointed 13 March 1997. Val worked in the B&Q Personnel & Training department in Southampton until taking early retirement in 1996. She has been a trustee since 1997. Before joining B&Q she was a nurse, spending 10 years working in Southampton hospitals. She has served on the Investment Committee since 1997 and the Benefits Committee since 2005.
- **Naomi Wagner**
Appointed 1 June 2008. Naomi has been with B&Q for 20 years starting in Stockport as a graduate trainee. Her career has mainly been spent in Operations, developing teams, managing change and driving profitability in both Formats gaining her a Regional Manager role in Warehouse. She has worked in various projects over the years with most recently a secondment to Store Planning working with a variety of functions to develop B&Q's store Formats.

Kingfisher Pension Scheme

Investment Report

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

Investment Objectives

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

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

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

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

The Scheme's funding and investment objectives, together with full details of the relevant processes, are set out in the 'Statement of Investment Principles', copies of which are available by writing to the Group Pensions Department at the address shown on page 3.

The tables on pages 17 and 18 illustrate the current allocations by asset type, investment manager and geographical spread. Further details of the investment objectives and performance of each manager can be found on pages 20 to 24.

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

Socially Responsible Investment

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

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

The Trustee Board, however, recognises that because of the need to closely track the Index benchmarks, it is not appropriate for the Scheme's passive managers (see page 17 for details of the investment managers) to take account of social, environmental or ethical considerations in the construction of their portfolios. However, the Trustee Board also encourages its passive managers to pursue policies of engagement with the companies in which they invest funds.

Kingfisher Pension Scheme

Final Salary Section

Investment Strategy

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

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

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

Risk Measurement and Management

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

- **Solvency Risk and Mismatch Risk**

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

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

- **Concentration Risk**

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

- **Manager Risk**

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

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

Kingfisher Pension Scheme

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

Change in investment managers

The Goldman Sachs 130/30 Fund was terminated in January 2009 with the proceeds transferred to State Street Global Advisors passive bond portfolio. The residual proceeds were transferred to the Scheme's Barclays Bank account to help meet the Scheme's ongoing cash flow requirements.

On 28 September 2008, Morley Fund Managers changed its name to Aviva Investors, the trading name for a group of asset management businesses owned by Aviva plc.

Current Asset Allocation

Asset Class		Mandate	Proportion of fund allocated
Equities	AXA Rosenberg	Active - UK only	6%
	Wellington Management	Active - Global	8%
	Wegelin Asset Management	Active - Global	2%
	State Street Global Advisors	Passive - Global	16%
Bonds	European Credit Management	Active - Europe	2%
	Goldman Sachs	Active - Global	8%
	PIMCO	Active - Global	8%
	Rogge Global Partners	Active - Global	5%
	Western Asset Management	Active - Global	7%
	State Street Global Advisors	Passive - UK only	31%
Property	Aviva Investors	Active - UK & Europe	7%

Kingfisher Pension Scheme

Distribution of Scheme Assets

	31 March 2009	31 March 2008
UK Equities	14%	21%
Overseas Equities	18%	24%
Fixed Interest	41%	33%
Index Linked Gilts	19%	17%
Cash & Cash Instruments	2%	(3%)
Property	5%	7%
AVC Funds	1%	1%
Total	100%	100%

Distribution by Investment Manager

	31 March 2009	31 March 2008
AXA Rosenberg	6%	13%
Aviva Investors	7%	8%
European Credit Management	2%	3%
Goldman Sachs	8%	7%
PIMCO	8%	7%
Rogge Global Partners	5%	4%
State Street Global Advisors	47%	40%
Wegelin Asset Management	2%	2%
Wellington Management	8%	9%
Western Asset Management	7%	7%
Total	100%	100%

Geographical Spread of Assets

	31 March 2009	31 March 2008
UK	70%	64%
Europe	12%	15%
North America	14%	17%
Japan	2%	2%
Others	2%	2%
Total	100%	100%

Kingfisher Pension Scheme

Investment Background

General Market Overview

The effects of the 'credit crunch' continued into 2008, post the rescue of US investment bank Bear Stearns. The significant loss of confidence led financial institutions to withdraw from lending to each other as they began to realise their potential exposure to losses arising from the severe downturn in the US and UK housing markets.

Many banks and other financial institutions rely heavily on their ability to borrow money in order to operate. The reticence of these institutions to lend to each other has meant many have struggled to remain solvent, leading to government and other businesses to come to their rescue. The US Government seized mortgage giants Fannie Mae and Freddie Mac, helped to keep American International Group (AIG) solvent while allowing Lehman Brothers to fail.

Numerous rumours circulated regarding the outlook for many well known firms. The news drove riskier assets lower and government bond prices higher as investors moved into the highest quality assets. Financial markets ground to halt. Liquidity evaporated and counterparties ceased taking risk positions, counterparty risk becoming a key worry for investors. The major fallout from this was the failure of the Icelandic banking system, which exacerbated the deleveraging process and investor worry. The uncovering of the Bernard Madoff fraud in December 2008 dealt another blow to the troubled sector.

Governments choose to intervene. The UK Government encouraged the takeover of HBOS by Lloyds TSB, rescued Royal Bank of Scotland and led a worldwide injection of government funds into the financial system, in order to limit the impact of the financial crisis, by recapitalising banks so they can resume lending. The US, UK and Japan are now operating monetary policy that is effectively as low as it can go, close to zero percent. However, this was not sufficient to calm investors, revive risk taking and ensure the ongoing operation of the financial system. Additional concerns over fears of slowing economic growth, rising inflation and falling interest rates continued to erode consumer and business confidence, increasing volatility in the financial markets.

Equities

Not surprisingly equity markets globally witnessed a historical decline, with the UK FTSE All Share down 29.33% over the year. With extreme risk aversion shown amongst investors, volatility increased, particularly during the third quarter of 2008, which resulted in investors fleeing to safety at any cost, regardless of value. Since the turmoil in financial markets in September 2008, the financial sector has delivered the weakest performance falling over 50% for the year.

Bonds

Gilts continued to perform well throughout the Scheme year, as sinking UK growth prospects and intensifying credit concerns increased the safe haven appeal of high quality issues. The flight to safety, risk aversion and falling interest rates all boosted Gilt returns. The pattern continued into 2009 as all major equity markets declined yet government bonds saw positive returns.

Property

Against a background of recession looking unavoidable in the UK, buyers for UK real estate have been scarce; continuing the trend of dramatic declines in UK real estate values during the year. The UK commercial real estate market has seen material capital values fall as values respond to tighter financial conditions and growing investor aversion. With weaker sales growth and rising input costs, the retail sector is looking for greater flexibility in rental payments, causing rents generally coming under downward pressure. Likewise with the weakness experienced in the financial sector, rents have begun to move lower for Central London offices and in particular in the City. With the weakening economic climate the downward pressure has extended outside of Central London. Conditions have also weakened in the industrial occupier markets, especially with the introduction of rates on empty premises. Rental growth has remained subdued given the relatively modest occupier demand and high availability.

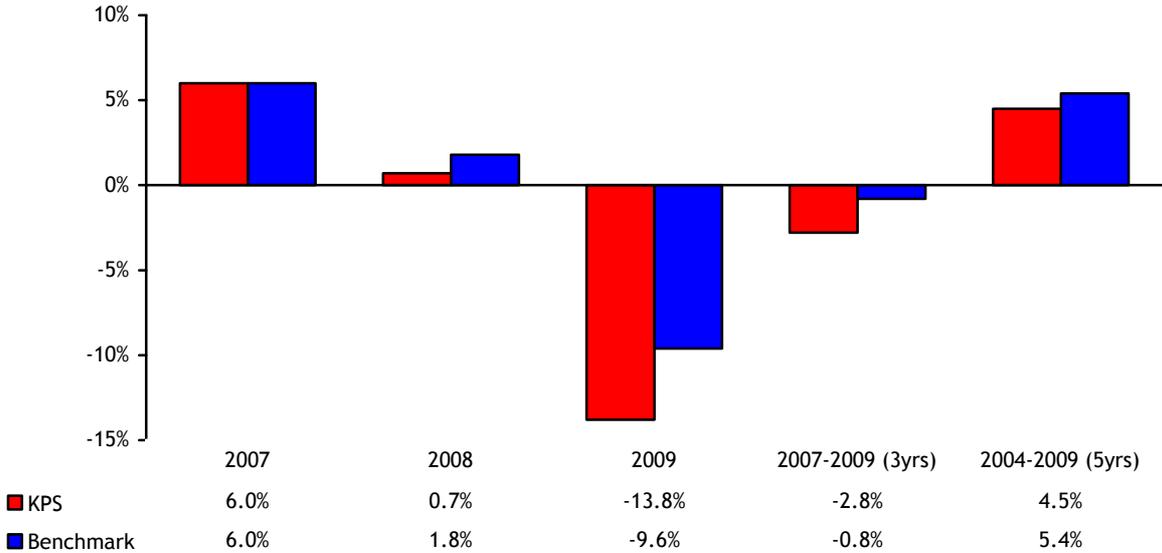
Kingfisher Pension Scheme

Investment Performance

The performance of the Scheme's investments is measured against the Scheme specific benchmark and other UK pension schemes of various sizes by an independent external measurement service, Performance & Risk Analytics, of BNY Mellon Asset Servicing. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2009 was -13.8%, underperforming the Scheme specific benchmark of -9.6% by -4.2%.

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 -2.8% and 4.5% compared to the benchmark of -0.8% and 5.4% respectively.

Annualised Investment Returns



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 15).

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. 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. Wellington Management's fees are market-value based with a performance based element.

Kingfisher Pension Scheme

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.

Wegelin's objective is to out-perform the benchmark by 5% after costs. The benchmark is the MSCI World Net Total return index; the first three year rolling period will be completed in 2010.

Bonds

European Credit Management's objective is to out-perform by 2% over three year rolling periods (net of fees) 1 month LIBOR, the first three year rolling period will be completed in 2009.

Goldman Sach's fixed interest portfolio has the objective of out-performing its benchmark by 1.5% over rolling three year periods (net of base fees). 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index, the first three year rolling period will be completed in 2009.

PIMCO's fixed interest portfolio has the objective of out-performing its benchmark by 1.5% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index; the first three year rolling period will be completed in 2009.

Rogge Global Partners' fixed interest portfolio has the objective of out-performing its benchmark by 1.25% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index; the first three year rolling period will be completed in 2010.

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: 57.0% FTSE Actuaries British Government Gilts (All-Stocks) Index and 43.0% Merrill Lynch Sterling Non-Gilts All Stocks. State Street is remunerated on the basis of a fixed fee.

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: 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index. Western Asset's fees are market value-based with a performance-related element.

Property

Aviva Investors' 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. Aviva is remunerated on a fixed fee basis.

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.

Kingfisher Pension Scheme

Money Purchase Section

Investment Strategy

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

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

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

Currently the Trustee Board offer 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 Trustee Board offer a number of funds offering specific equity, bond or cash investments which may be selected by members instead of the Lifestyle options.

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

Risk Measurement

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

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

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

Kingfisher Pension Scheme

Investment Performance

All the assets attributed to the Money Purchase Section, including members' AVCs but excluding cash required for transaction purposes, are presently invested in a range of 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. It is not possible to compare the performance of each life lifestyle approach with a stated objective.

Option A - Consensus Lifestyle

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

Option B - Cautious Lifestyle

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

Option C - Consensus Plus Lifestyle

This option has been designed for members wishing to strive for the maximum possible returns, whilst accepting greater volatility throughout their working lives.

Invesco Perpetual High Income Fund

The fund's objective in the long term is to outperform the FTSE All-Share Index by seeking to identify companies that will provide greater levels of income, rather than share price growth.

Standard Life Pension 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.

Standard Life Managed Cash Fund

The fund is designed to produce lower levels of volatility and investment returns, before charges, that are closely aligned to deposit rates. The fund does not guarantee a positive investment return.

Standard Life Pension 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.

Standard Life Pension Global Equity (50:50) Tracker One Fund

The fund aims to closely track the performance of an index composing of 50% FTSE All-Share Index and 50% FTSE World (ex UK) Index, allowing for reinvestment of dividends (but before deduction of charges). The fund will invest in a broad spread of equities which are constituents of the FTSE All Share Index and FTSE World (ex UK) Index.

Standard Life Pension Global Equity Manager of Managers One Fund

This is an equity fund split equally between the UK and overseas equity markets. The fund aims to maximise equity returns within a pre-determined geographical asset mix with 50% of the fund being invested in UK equities and the remainder in overseas equities in proportion to global market capitalisation weightings as defined by the FTSE World (ex UK) Index.

Standard Life Pension Index Linked One Fund

The fund is invested principally in UK government issued index linked treasury stock. It may also be invested in any similar UK stocks issued in the future. The returns of the fund are linked to the underlying price of the stock and not from the index-linked treasury stock which are linked to the Retail Price Index.

Standard Life Pension Long Corporate Bond Fund

The fund invests in the UK, non-gilt fixed interest market. The fund is measured against the over 10 year Merrill Lynch Sterling Non-gilt Index.

Kingfisher Pension Scheme

Standard Life Pension 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.

Standard Life Pension Protection One Fund

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

Standard Life Pension UK Equity Manager of Managers One Fund

The fund invests in a broad range of UK equities to give a spread over the market's most attractive sectors. It may also invest in other companies with a large part of their business in the UK. The fund is benchmarked against the FTSE All-Share Index.

Standard Life UK Gilt Tracker Fund

The fund aims to track the FTSE Actuaries All Stocks Gilt Index. The fund invests predominately in high security Government Gilts.

UBS Global Optimal Fund

The fund's objective is to achieve long-term growth through active management of a diversified portfolio of shares in companies that will primarily be in overseas markets outside of the UK.

The performance of these funds at 31 March 2009 was as follows:

	Annual to Date		Three Year Rolling	
	KPS %	Benchmark %	KPS %	Benchmark %
Invesco Perpetual High Income Fund	(18.47)	(29.33)	(2.79)	(10.18)
Standard Life Managed Cash Fund	na	na	na	na
Standard Life Pension Corporate Bond Fund	(4.43)	(5.78)	(0.94)	(1.81)
Standard Life Pension FTSE Tracker One Fund	(29.16)	(29.33)	(10.11)	(10.18)
Standard Life Pension Global Equity 50:50 One Fund	(27.65)	(24.13)	(9.16)	(8.58)
Standard Life Pension Global Equity 50:50 Tracker One Fund	(24.07)	(24.00)	(8.57)	(8.55)
Standard Life Pension Global Equity Manager of Managers One Fund	(26.42)	(29.33)	(10.70)	(8.55)
Standard Life Pension Index Linked One Fund	(1.67)	(2.81)	4.59	4.23
Standard Life Pension Long Corporate Bond Fund	na	na	na	na
Standard Life Pension Overseas Tracker One Fund	(18.76)	(18.60)	(7.12)	(7.05)
Standard Life Pension Protection One Fund	13.11	8.58	6.13	4.11
Standard Life Pension UK Equity Manager of Managers Fund	(26.42)	(29.33)	(10.09)	(10.18)
Standard Life UK Gilt Tracker Fund	10.26	10.32	6.04	6.07
UBS Global Optimal Fund	(20.34)	(18.83)	(10.08)	(7.36)

Change in investments

In January 2009, Standard Life announced that due to market volatility the unit price of the Pension Sterling One Fund had fallen by 4.8%. The Trustees concerned by this announcement, took action to mitigate the impact upon members' benefits and after taking advice from its investment consultant and legal representatives, elected to withdraw all benefits invested in this fund and invest them in a potentially less volatile fund with Standard Life called the Managed Cash Fund and for all future contributions. Members' were informed of this decision on 30 January 2009.

Standard Life announced in February 2009 that they would restore the value of the fund and would put their customers back to the position they would have been had they not made the change.

Kingfisher Pension Scheme

Statement of Trustee's Responsibilities for the Financial Statements

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

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

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

Kingfisher Pension Scheme

Independent Auditor's Report

To the Trustee of the Kingfisher Pension Scheme

We have audited the financial statements of the Kingfisher Pension Scheme for the year ended 31 March 2009 which comprise the fund account, the net assets statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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

Respective responsibilities of trustees and auditors

As described in the Statement of Trustee's Responsibilities on page 15, the Scheme Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

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

Basis of audit opinion

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

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

Kingfisher Pension Scheme

Opinion

In our opinion the financial statements:

- show a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial transactions of the scheme during the scheme year ended 31 March 2009 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
One Canada Square
London E14 5AG

23 June 2009

Kingfisher Pension Scheme

Fund Account

For the year ended 31 March 2009

	Notes	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Contributions & Benefits					
Contributions	2	56,214	4,186	60,400	114,736
Transfers in	3	350	56	406	3,348
		56,564	4,242	60,806	118,084
Benefits	4	(53,070)	(96)	(53,166)	(48,258)
Leavers	5	(2,535)	(195)	(2,730)	(2,855)
Administrative expenses	6	(3,551)	0	(3,551)	(4,233)
		(59,156)	(291)	(59,447)	(55,346)
Net additions / (withdrawals) from dealings with members		(2,592)	3,951	1,359	62,738
Returns on Investments					
Investment income	7	38,332	2	38,334	33,351
Change in market value of investments	8	(234,836)	(1,589)	(236,425)	(25,700)
Investment management expenses	9	(2,215)	0	(2,215)	(2,726)
Net returns on investments		(198,719)	(1,587)	(200,306)	4,925
Net increase / (decrease) in the Scheme during the year		(201,311)	2,364	(198,947)	67,663
Net assets of the Scheme					
At 1 April		1,473,711	9,371	1,483,082	1,415,419
At 31 March		1,272,400	11,735	1,284,135	1,483,082

The notes on pages 30 to 40 form part of these financial statements.

Kingfisher Pension Scheme

Net assets statement

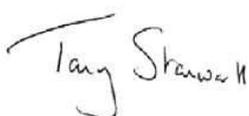
At 31 March 2009

	Notes	Total 2009 £'000s	Total 2008 £'000s
Final Salary Section			
Investment assets:	8		
Fixed interest securities		330,186	390,740
Equities		173,857	295,607
Index linked securities		237,569	246,053
Pooled investment vehicles		399,049	526,122
Derivative assets		120,621	67,307
AVC investments		17,221	17,462
Cash & cash instruments		27,649	18,195
Other investment balances		(2,417)	(64,419)
		1,303,735	1,497,067
Investment liabilities:	8		
Derivative liabilities		(38,496)	(26,626)
Total net investments		1,265,239	1,470,441
Current assets	10	10,155	5,184
Current liabilities	11	(2,994)	(1,914)
Net assets of Final Salary Section		1,272,400	1,473,711
Money Purchase Section			
Investment assets:	8		
Pooled investment vehicles		11,586	9,285
Current assets	10	250	89
Current liabilities	11	(101)	(3)
Net assets of Money Purchase Section		11,735	9,371
Net assets of the Scheme at 31 March		1,284,135	1,483,082

The notes on pages 30 to 40 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations included on pages 43 to 46 of the annual report and these financial statements should be read in conjunction with the Summary Funding Statement and actuarial certificates.

Signed for and on behalf of
The Trustee of the Kingfisher Pension Scheme on 23 June 2009.



AJ Stanworth



JC Woodward

Kingfisher Pension Scheme

Notes to the Financial Statements

Basis of preparation

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

1. Accounting policies

The principal accounting policies of the scheme are as follows:

- a) Employee contributions are accounted for from the date of deduction from payroll and employer contributions are accounted for in the period to which the corresponding pay relates. Employer special contributions are accounted for in accordance with the agreement under which they are being paid.
- b) Benefits are accounted for on the date of leaving, or if a member has a choice of benefits, on notification of choice to the Scheme.
- c) Individual transfer values to or from other schemes are accounted for on a cash basis.
- d) Quoted securities are valued at the bid price at 31 March 2009. Where an up to date valuation is not available the latest market price is used to value the security. Pooled Investment Vehicles are valued at the bid price quoted by the managers or at the single price if only one price is quoted. Futures contracts are valued at the exchange price for closing out the contract at the year end and this represents the unrealised profit or loss of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin and any variation margin which is due to or from the broker. The fair value of swap contracts is calculated using pricing models, where inputs are based on market data at the year end. Net receipts or payments on swap contracts are reported within investment income. Forward foreign exchange contracts are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
- e) Foreign income is translated into sterling at the rate ruling on the date the income is received. Investment and current assets and liabilities denominated in foreign currencies are translated using the sterling rate of exchange ruling at the year end.
- f) Exchange gains and losses arising on translation of investments are included as part of the change in market value of investments.
- g) Dividends, fixed interest income, deposit interest and other investment income receivable have been accounted for on an accruals basis. Irrecoverable withholding taxes are reported as a separate tax charge.
- h) Administration and investment management expenses are accounted for on an accruals basis.

Kingfisher Pension Scheme

2. Contributions

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Employers				
Normal	45,031	2,126	47,157	102,273
Augmentations	1,482	56	1,538	193
Members				
Normal	8,918	1,796	10,714	11,377
Additional voluntary contributions	783	208	991	893
Total	56,214	4,186	60,400	114,736

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

3. Transfers In

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Group transfers in from other Schemes	0	0	0	2,441
Individual transfers-in from other Schemes	346	56	402	533
Inter Scheme transfers from Money Purchase	4	0	4	374
Total	350	56	406	3,348

4. Benefits

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Pensions	39,947	0	39,947	38,112
Commutations and lump sum retirement benefits	11,342	54	11,396	8,356
Lump sum death benefits	2,002	4	2,006	1,960
Purchase of annuities	(221)	0	(221)	(206)
MP life premiums paid to Final Salary	0	38	38	36
Total	53,070	96	53,166	48,258

5. Payments to and on account for leavers

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Individual transfers to other Schemes	2,534	96	2,630	2,332
Inter Scheme transfers to Final Salary	0	4	4	374
Refunds to members leaving service	3	95	98	108
Payments for members joining state scheme	(2)	0	(2)	41
Total	2,535	195	2,730	2,855

Kingfisher Pension Scheme

6. Administrative expenses

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Administration and processing	2,887	0	2,887	3,447
Actuarial fees	210	0	210	311
Audit fees	56	0	56	47
Legal and other professional fees	343	0	343	381
Trustee fees	55	0	55	47
Total	3,551	0	3,551	4,233

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

7. Investment Income

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Income from fixed interest securities	19,838	0	19,838	14,120
Dividends from equities	8,551	0	8,551	9,606
Income from index-linked securities	5,008	0	5,008	4,697
Income from pooled investment vehicles	3,807	0	3,807	4,514
Interest on cash and cash instruments	882	2	884	598
Income from derivatives	(138)	0	(138)	(371)
Other	606	0	606	390
Sub total	38,554	2	38,556	33,554
Irrecoverable taxation	(222)	0	(222)	(203)
Total	38,332	2	38,334	33,351

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

8. Investments

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

Final Salary Section

	Value at 31 March 2008 £'000s	Purchases at cost and derivative payments £'000s	Sales proceeds and derivative receipts £'000s	Change in Market Value £'000s	Value at 31 March 2009 £'000s
Fixed interest securities	390,740	962,376	(1,005,772)	(17,158)	330,186
Equities	295,607	317,131	(354,551)	(84,330)	173,857
Index linked securities	246,053	11,093	(8,115)	(11,462)	237,569
Pooled investment vehicles	526,122	219,704	(211,384)	(135,393)	399,049
Derivative assets					
Futures - exchange traded	(319)	86,329	(86,796)	748	(38)
Options	3,341	4,479	(7,631)	(91)	98
Forward foreign exchange	(632)	22,523	(231)	(23,894)	(2,234)
Swaps - over the counter	38,291	4,215,231	(4,215,758)	46,535	84,299
AVC investments	17,462	825	(1,276)	210	17,221
	1,516,665	5,839,691	(5,891,514)	(224,835)	1,240,007
Cash & cash instruments	18,195			(10,118)	27,649
Other investment balances	(64,419)			117	(2,417)
Total	1,470,441			(234,836)	1,265,239

Kingfisher Pension Scheme

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

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as commissions. Transaction costs incurred during the year amounted to £458,000 (2008: £429,000). The amount of stamp duty and other fees are not separately provided to the scheme.

Money Purchase Section

	Value at 31 March 2008 £'000s	Purchases £'000s	Sales £'000s	Change in Market Value £'000s	Value at 31 March 2009 £'000s
Pooled Investment Vehicles	9,285	4,242	(352)	(1,589)	11,586
Total	9,285	4,242	(352)	(1,589)	11,586

	2009 £'000s	2008 £'000s
Invesco Perpetual High Income Fund	163	81
Standard Life Managed Cash Fund	2,189	0
Standard Life Pension Corporate Bond Fund	911	669
Standard Life Pension FTSE Tracker One Fund	2,319	2,095
Standard Life Pension Global Equity 50:50 One Fund	88	77
Standard Life Pension Global Equity 50:50 Tracker One Fund	121	87
Standard Life Pension Global Equity Manager Of Managers One Fund	72	43
Standard Life Pension Index Linked One Fund	913	688
Standard Life Pension Long Corporate Bond Fund	4	0
Standard Life Pension Overseas Tracker One Fund	3,707	3,084
Standard Life Pension Protection One Fund	52	35
Standard Life Pension Sterling One Fund	0	1,725
Standard Life Pension UK Equity Manager Of Managers One Fund	70	51
Standard Life UK Gilt Tracker Fund	925	635
UBS Global Optimal Fund	52	15
Total	11,586	9,285

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

Kingfisher Pension Scheme

b. Details of investments held at year end

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Fixed interest securities				
UK public sector quoted	88,395	0	88,395	78,515
UK quoted	153,848	0	153,848	181,846
Overseas public quoted	11,618	0	11,618	21,770
Overseas quoted	76,325	0	76,325	108,609
	330,186	0	330,186	390,740
Equities				
UK quoted	84,034	0	84,034	163,271
Overseas quoted	89,823	0	89,823	132,336
	173,857	0	173,857	295,607
Index linked securities				
UK public sector	237,569	0	237,569	246,053
	237,569	0	237,569	246,053
Pooled Investment Vehicles				
Unit trusts				
- Property	48,446	0	48,446	89,290
- Other				
Equity	19,151	0	19,151	30,435
Managed funds				
Property	19,207	0	19,207	17,229
Fixed interest	94,260	0	94,260	59,091
Equity	217,985	0	217,985	330,077
Unitised insurance policies - other	0	11,586	11,586	9,285
	399,049	11,586	410,635	535,407
Derivative assets				
Futures - exchange traded	(38)	0	(38)	(319)
Options	98	0	98	3,341
Forward foreign exchange	(2,234)	0	(2,234)	(632)
Swaps - over the counter	84,299	0	84,299	38,291
	82,125	0	82,125	40,681
Cash & cash equivalents				
Cash deposits	8,156	0	8,156	7,004
Short term liquidity funds	19,493	0	19,493	11,191
	27,649	0	27,649	18,195
Other investment balances				
Amounts due from brokers	72,926	0	72,926	72,543
Amounts due to brokers	(85,591)	0	(85,591)	(147,289)
Outstanding dividend entitlements and recoverable withholding tax	10,248	0	10,248	10,327
	(2,417)	0	(2,417)	(64,419)
AVC investments	17,221	0	17,221	17,462
Total investment assets	1,265,239	11,586	1,276,825	1,479,726

Pooled investment vehicles with a market value of £343,318,000 were operated by companies registered in the UK. Pooled investment vehicles with a market value of £55,731,000 were operated by non UK registered companies.

Kingfisher Pension Scheme

c. Derivative Contracts

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

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

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

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

Futures

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

Options

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

Forward foreign exchange

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

Swaps

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

i. Derivative contracts

	Total 2009 £'000s	Total 2008 £'000s
Assets		
Futures - exchange traded	739	1,439
Options	130	3,804
Forward foreign exchange	362	2,850
Swaps - over the counter	119,390	59,214
Total	120,621	67,307
Liabilities		
Futures - exchange traded	(777)	(1,757)
Options	(32)	(463)
Forward foreign exchange	(2,596)	(3,483)
Swaps - over the counter	(35,091)	(20,923)
Total	(38,496)	(26,626)

Kingfisher Pension Scheme

ii. Futures - exchange traded

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

	2009		2008	
	Asset £'000s	Liability £'000s	Asset £'000s	Liability £'000s
UK fixed interest	342	(258)	931	(390)
Overseas fixed interest	397	(519)	508	(1,367)
Total	739	(777)	1,439	(1,757)

iii. Options

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

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

Type of options	Expiration	Underlying investment	Notional local amount of outstanding contracts	2008	
				Asset £'000s	Liability £'000s
UK					
Purchased calls	9 months	Euribor futures calls	240,000	25	0
Purchased calls	3 months	Interest rate futures calls	308,750	36	0
Purchased calls	6 months	Interest rate futures calls	462,500	153	0
Purchased calls	12 months	Interest rate futures calls	1,527,500	424	0
Purchased calls	15 months	Interest rate futures calls	251,250	70	0
Purchased calls	3 months	Swap calls	48,100,000	1,312	0
Overseas					
Purchased calls	2 months	Bonds futures calls	261,000	101	0
Purchased calls	3 months	Interest rate futures calls	47,600,000	963	0
Purchased calls	6 months	Interest rate futures calls	2,300,000	33	0
Purchased calls	3 months	Swap calls	13,600,000	263	0
Purchased calls	6 months	Swap calls	21,700,000	48	0
Purchased calls	12 months	Swap calls	28,300,000	19	0
Purchased calls	18 months	Swap calls	56,600,000	96	0
Purchased calls	24 months	Swap calls	55,300,000	187	0
Purchased puts	2 months	Bonds futures puts	79,000	32	0
Purchased puts	1 month	Currency futures puts	40,790	42	0
Written calls	3 months	Swap calls	(3,400,000)	0	(108)
Written calls	6 months	Swap calls	(4,200,000)	0	(52)
Written calls	12 months	Swap calls	(6,200,000)	0	(29)
Written calls	18 months	Swap calls	(13,400,000)	0	(96)
Written calls	24 months	Swap calls	(17,600,000)	0	(171)
Written puts	6 months	Swap puts	(1,100,000)	0	(7)
Total				3,804	(463)

Kingfisher Pension Scheme

iv. Forward foreign exchange

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

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

	2008		Asset £'000s	Liability £'000s
	Local Purchased million	Local Sold million		
AUD - Australian Dollar	16,294	5,642	(180)	(26)
BRL - Brazilian Real	9,439	7,350	93	(23)
CAD - Canadian Dollar	1,725	12,978	(25)	323
CHF - Swiss Franc	5,602	5,638	101	(131)
CNY - Yuan Renminbi	12,500	0	17	0
DKK - Danish Krone	0	8,243	0	(39)
EUR - Euro	32,774	103,265	1,450	(2,819)
HUF - Hungarian Florint	203,751	0	(13)	0
INR - Indian Rupee	1,831,860	2,496,425	333	(421)
JPY - Japanese Yen	1,227,946	0	(21)	0
MXN - Mexican Peso	30,052	15,099	19	(9)
MYR - Malaysian Ringgit	4,000	0	(1)	0
NOK - Norwegian Krone	38,828	12,943	106	(87)
NZD - New Zealand Dollar	8,614	8,613	(78)	(20)
PHP - Philippine Peso	50,000	0	(24)	0
PLN - Polish Zloty	709	2,680	33	(57)
RUB - Russian Ruble	66,336	0	90	0
SGD - Singapore Dollar	3,541	800	85	(4)
SEK - Swedish Krona	33,480	80,162	138	(304)
TRY - Turkish Lira	0	1,112	0	47
TWD - Taiwan Dollar	35,000	0	13	0
USD - US Dollar	160,041	260,248	714	87
Total			2,850	(3,483)

Kingfisher Pension Scheme

v. Swaps - over the counter

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

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

Type of Contract	Number of Contracts	Maturity	2008	
			Asset £'000s	Liability £'000s
UK				
Interest rate swap	21	0-5 Years	577	(2,505)
	36	5-10 Years	318	(2,624)
	14	10-20 Years	2,143	(2,424)
	13	20-30 Years	3,679	(3,759)
	18	30-40 Years	6,326	0
	15	40-50 Years	4,661	0
LPI swap	3	10-20 Years	4,352	0
	4	20-30 Years	7,499	0
RPI swap	5	10-20 Years	3,311	0
	8	20-30 Years	8,790	0
	16	30-40 Years	7,288	(38)
	14	40-50 Years	3,636	(85)
Credit default swap	2	0-5 Years	0	(8)
	1	5-10 Years	3	0
Overseas				
Interest rate swap	33	0-5 Years	695	(1,706)
	115	5-10 Years	3,198	(3,489)
	46	10-20 Years	1,319	(2,048)
	24	20-30 Years	302	(850)
	39	30-40 Years	440	(968)
Credit default swap	42	0-5 Years	579	(366)
	8	5-10 Years	72	(1)
	1	10-20 Years	0	(52)
	1	30-40 Years	26	0
Total			59,214	(20,923)

Kingfisher Pension Scheme

d. Final Salary Section - AVC Investments

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

	Total 2009 £'000s	Total 2008 £'000s
Prudential	15,248	14,964
Legal & General	877	1,118
BlackRock	643	899
London Life	453	481
Total	17,221	17,462

e. Stock lending

The Scheme lends certain fixed interest, index linked and equity securities under a Trustee approved stock lending programme. At the year end the Scheme had lent £301,652,402, of fixed interest £99,061,558, index linked £179,151,088, equities £23,439,756 and held collateral delivered to secure obligations in respect of loaned securities consisting of cash and other securities with a market value of not less than 102% of the market value of the transferred securities. If the transferred market value of the collateral falls below 100%, the Scheme will require prompt delivery of additional collateral.

During the year the Scheme received income from stock lending of £164,000 (2008: £203,000).

9. Investment Management Expenses

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Administration, management and custody	2,133	0	2,133	2,640
Performance measurement services	77	0	77	80
Other advisory fees	5	0	5	6
Total	2,215	0	2,215	2,726

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

10. Current assets

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Cash balances	10,056	193	10,249	5,060
Contributions	(2)	57	55	78
VAT recoverable	39	0	39	96
Inter-company expenses due from KRT	0	0	0	17
Others	62	0	23	22
Total	10,155	250	10,366	5,273

The Money Purchase cash balance of £193,000 (2008: £71,000) is not allocated to members.

Kingfisher Pension Scheme

11. Current liabilities

	Final Salary £'000s	Money Purchase £'000s	Total 2009 £'000s	Total 2008 £'000s
Investment manager fees	411	0	411	528
Tax payable	5	0	5	9
Expenses	1,112	0	1,112	886
Sundry unpaid benefits	1,202	0	1,202	451
Inter-company expenses due to Kingfisher plc	264	0	264	33
Others	0	101	101	10
Total	2,994	101	3,095	1,917

12. Employer-related investment

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

13. Concentration of investment

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

	£'000s	%
SSgA (NatWest Life) MPF UK Equity Enhanced	95,606	7.56
UK Index Linked Gilts 22 July 2030	78,883	6.23
UK Index Linked Gilts 26 January 2035	68,525	5.42

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

14. Related party transactions

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

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

Kingfisher plc pays some administration expenses on behalf of the Scheme, £1,245,000 for this year (2008: £954,000), and subsequently recharges these to the Scheme. The balance owing to Kingfisher plc at year end is £264,000.

B&Q plc pays the pensioner payroll expenses on behalf of the Scheme, £41,189,000 for this year (2008: £39,124,000), and subsequently recharges these to the Scheme. B&Q plc also re-imburses pensions no longer payable and at the year end the balance owing to the Scheme is £39,000.

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

Transfer values of £113,000 (2008: £335,000) were received into the scheme from the Kingfisher Retirement Trust.

Trustee Director fees for BESTrustees plc, Helen Jones, Tony Stanworth, Val Struthers and Charles Woodward are included in Trustee fees of £55,000 (2008: £47,000) on page 32.

Kingfisher Pension Scheme

Independent Auditor's Statement about Contributions

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

We have examined the Summary of Contributions payable under the Schedule of Contributions, to the Kingfisher Pension Scheme in respect of the scheme year ended 31 March 2009, which is set out on page 42.

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

Respective responsibilities of Trustee and Auditor

As described on page 42, the Scheme's Trustee is responsible, under the Pensions Act 2004 for ensuring that there is prepared maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active Members of the scheme. The Trustee has a general responsibility for procuring that contributions are made to the Scheme in accordance with the Schedule of Contributions.

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

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

Basis of statement about contributions

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

Statement about contributions payable under the schedule

In our opinion, contributions for the Scheme year ended 31 March 2009 as reported in the summary of contributions and payable under the schedule have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 30 May 2008.

KPMG LLP
Chartered Accountants
One Canada Square
London E14 5AG

23 June 2008

Kingfisher Pension Scheme

Statement of Trustee's responsibilities in respect of contributions

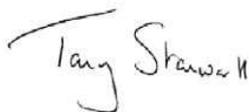
The Scheme Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Scheme in accordance with the Schedule.

Trustee's Summary of contributions payable under the Schedule in respect of the Scheme year ended 31 March 2009

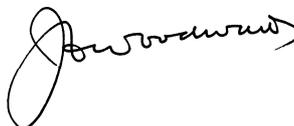
This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 30 May 2008 in respect of the scheme year ended 31 March 2009. The Scheme auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

Contributions payable under the schedules in respect of the scheme year	£'000s
Employer	
FS normal contributions	45,031
MP normal contributions	2,126
FS special contributions	1,482
MP special contributions	56
Member	
FS normal contributions	8,918
MP normal contributions	1,796
Contributions payable under the Schedules	59,409
Reconciliation of Contributions Payable under the Schedules of Contributions To Total Contributions reported in the Financial Statements	
Contributions payable under the Schedules (as above)	59,409
Contributions payable in addition to those due under the Schedules	
Member additional voluntary contributions	991
Total contributions reported in the financial statements	60,400

Signed for and on behalf of
The Trustee of the Kingfisher Pension Scheme on 23 June 2009.



AJ Stanworth



JC Woodward

Kingfisher Pension Scheme

Actuary's Certification of Schedule of Contributions

Name of Section: Kingfisher Pension Scheme

Adequacy of rates of contributions

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

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

N G Mobbs
Fellow of the Institute of Actuaries

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

30 May 2008

Kingfisher Pension Scheme

Actuary's Statutory Certificate

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

Name of Scheme: Kingfisher Pension Scheme

Calculation of technical provisions

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

N G Mobbs
Fellow of the Institute of Actuaries

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

12 June 2008

Kingfisher Pension Scheme

Summary Funding Statement

Summary of the current funding position

The most recent formal valuation of the Scheme took place as at 31 March 2007. The results of the valuation showed that the funding position was as follows;

Assets	£1,391m
Liabilities	£1,369m
Surplus	£22m
Funding level	102%

(NB. Excluding AVCs & KPS-MP)

The Scheme's Actuary has provided the Trustee with an update to these results in an 'annual actuarial report'. This showed that at 31 March 2008 the funding position was;

Assets	£1,455m
Liabilities	£1,440m
Surplus	£15m
Funding level	101%

(NB. Excluding AVCs & KPS-MP)

The broad reason for the slight deterioration in the funding position since the last valuation is a lower than expected investment return.

The current economic uncertainty has brought unprecedented falls in global investment markets over recent months. In response, the Trustees have asked the Scheme's Actuary to monitor the funding level on a more regular basis.

This informal monitoring has indicated a further fall in the funding level to around 94%. The funding level could have fallen significantly lower had the Trustee not commenced the strategy of de-risking the Scheme's investment portfolio, which has been carried out by increasing bond holdings and reducing exposure to equity markets.

Payments to Kingfisher plc

No payments have been made to the Kingfisher plc or any of the participating companies out of the Scheme's funds in the previous twelve months.

How does the Scheme operate and how is my pension paid for?

All participating companies pay contributions to the Scheme so that the Scheme can pay pensions to members when they retire. Active members also pay contributions to the Scheme, and these are deducted tax efficiently from their basic pay. The money to pay for members' pensions in the Final Salary Section is held in a common fund; not in a separate account for each individual.

The importance of Kingfisher plc's support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. The success of this plan relies on continuing support from Kingfisher plc and the participating companies because;

- The funding level can fluctuate over time and the Trustee have to review the funding plan with Kingfisher plc at regular intervals (usually every three years); and
- Should the target funding level turn out to be insufficient, Kingfisher plc and the participating companies would need to contribute more money to the Scheme.

Kingfisher Pension Scheme

What would happen if the Scheme started to wind up?

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

As part of the valuation, the Scheme's Actuary estimated what the funding position would have been, had the Trustee wound up the Scheme and secured members' benefits with individual policies with an insurance company. Had the Scheme wound up at 31 March 2007 the fund would have represented approximately 66% of the cost of the benefits. This increased to 68% by 31 March 2008 but indications are that this has fallen to around 62% since then as a result of investment market movements.

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

If the Scheme were to wind up, the participating companies are required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. It may be, however, that the participating companies would not be able to pay this full amount. If the participating companies became insolvent, the Pension Protection Fund might be able to take over the Scheme and pay compensation to members.

Further information

Further information is available on the Pension Protection Fund's website at www.pensionprotectionfund.org.uk, or you can write to the Pension Protection Fund at Knolly House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

Kingfisher Pension Scheme

Compliance Statement

Participating Companies

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

Enquiries about the Scheme

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

Internal Disputes Resolution Procedure

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

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

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

Stage one

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

Stage two

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

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

Kingfisher Pension Scheme

The Pensions Advisory Service (TPAS)

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

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

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

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

Pensions Ombudsman

If you are still not satisfied, you can refer the complaint to the Pensions Ombudsman. The Pensions Ombudsman is appointed to investigate complaints and judge the facts of a case, in relation to a pension scheme's rules and statutory regulations. Normally the Ombudsman will ask TPAS to consider the complaint first. The Pensions Ombudsman can be contacted at the same address as TPAS. Their telephone number is 020 7834 9144.

Other Pensions Organisations

The Pensions Regulator

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

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0870 6063636 (Mon-Fri 9am-5.30pm)
Email: customersupport@thepensionsregulator.gov.uk

Pension Protection Fund (PPF)

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

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

Kingfisher Pension Scheme

Scheme Registration

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

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

Scheme registration number: 100797763

Tax Status with HM Revenue & Customs

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

Constitution

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

The Scheme is contracted-out of the State Second Pension.

Member Information

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

- Personal Benefit Statements, which give individual members information annually on the benefits they may receive.
- 'Talking Pensions', a magazine explaining in an informal way the options open to employees.
- '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.

All of these publications are online at our website www.kingfisherpensions.com; alternatively they may be obtained from the relevant person shown as the relevant company contact.

Kingfisher Pension Scheme

Contacts

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