KINGFISHER

Pension Scheme & Retirement Trust

Trustees' Report & Accounts 2003

PENSION SCHEME

RETIREMENT TRUST

CONTENTS

INTRODUCTION

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

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

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

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

CHAIRMAN'S REVIEW

Once again, the past year has seen a lot of press comment about pensions, whether in relation to falling stock markets, funding deficits, closure of final salary pension schemes or unfulfilled pension promises. Almost without exception, the story has been one of gloom and doom, but nevertheless, the vast majority of pension schemes nationwide continue, like ours, to provide pension and other benefits throughout the working lives of their members, and serve an irreplaceable purpose in ensuring a more comfortable lifestyle in retirement.

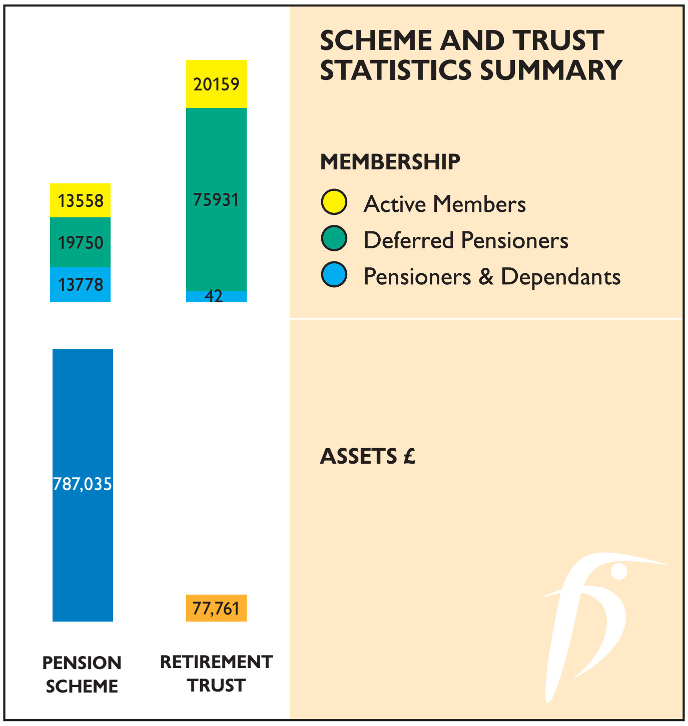
Clearly, the Kingfisher Pension Scheme and the Kingfisher Retirement Trust haven't been immune to the difficult investment conditions of recent years, but the Trustees, with the assistance of their actuarial and investment advisers, have remained vigilant in ensuring the long-term security of benefit entitlements within the Kingfisher pension arrangements. In particular, during the past year and following completion of an asset/liability remodeling exercise, the Trustees undertook a substantial realignment of the Pension Scheme's strategic asset allocations in line with the results of the remodeling exercise and several new investment managers were appointed. A further actuarial valuation of the Pension Scheme was carried out by the Scheme Actuary at 31 march 2002 following the transfer out of assets in respect of the Woolworth Group, Time Retail and Superdrug companies. The valuation showed that the Scheme remains in balance, with a small surplus on the statutory funding basis, but also confirmed that the Company's long-term contribution rate should be increased to 13.9% of pensionable salaries. The Company has agreed to this increase.

Following on from the valuation, the Trustees also undertook a major review of the factors applied to pensions to ensure cost neutrality to the Scheme in the event that members retire or leave the Pension Scheme either earlier or later than normal retirement date. The effect has been to bring these factors into line with the prevailing economic conditions with consequent benefits for both the fund and members. For the twelfth year running, pensions have been increased in line with inflation.

You will see from this year's accounts that there was a large reduction in the Pension Scheme's asset value. Of course, the adverse investment conditions accounted for a substantial part of the reduction, but another contributory factor was completion of the bulk transfers in respect of members formerly employed by the General Merchandise division. Whilst these members ceased to participate in the Pension Scheme as at 31 March 2002, the associated transfer of assets was made during the financial year under review. The corresponding bulk transfer from the Retirement Trust was smaller, and the effect on the asset value was therefore less marked.

Most of the Retirement Trust's assets are invested in Eagle Star's with-profit pension fund. In December 2002, Eagle Star announced that the fund would no longer be open to new schemes, although it remains open to contributions from existing clients. The Trustees consider that the fund remains a viable investment medium for the time being, but its progress will be carefully monitored in the future.

All of the activity described above wasn't achieved without much hard work on the part of the Group Reward and Benefits Department, and I would like to take this opportunity to thank its members for their continuing effort during another year of considerable change.



In July 2003, Kingfisher announced the separation of the Electricals business from its Home Improvement business. The post-demerger arrangements have now been made; broadly all members (including pensioners and deferred members) of both the Pension Scheme and the Retirement Trust employed (or formerly employed) by Comet Group plc will join new pension arrangements to be set up by Comet Group plc. The assets of both the Pension Scheme and the Retirement Trust are held under trust and are entirely separate from Kingfisher Group. Members' benefit entitlements earned up to the date they cease to participate in the Kingfisher schemes will be fully protected under both the terms of the trusts and pensions law.

Shortly after the end of the scheme year, Neil Lister, who was Head of Pensions, resigned and I should like to thank him for his valuable contribution during his time with us. Colin Hately, the current Pensions Manager, has been appointed as Head of Pensions and I look forward to working with Colin in his new role.

R Jones

Roger Jones

THE RESTRUCTURE OF THE KINGFISHER GROUP

In July 2003, Kingfisher announced the creation, through a demerger, of two separate UK companies; one composed of the Home Improvement companies and the other of its Electricals companies. For UK pensions purposes, the Electricals companies consist of Comet Group plc.

In order to ensure that there will be sufficient time to create new pension arrangements for Comet Group, it was agreed that existing and new employees will continue to participate in and be able to join the Kingfisher Pension Scheme and the Kingfisher Retirement Trust for a period no later than 31 March 2004. During this period, new pension arrangements will be established for the employees (and former employees) of Comet Group.

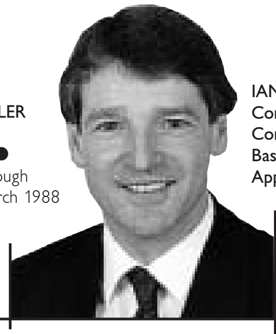
Active, deferred and pensioner members of the Pension Scheme who are (or were) employed by Comet Group will be transferred to a new scheme to be established by the new holding company and providing benefits of equivalent value.

Active and deferred members of the Retirement Trust who are (or were) employed by Comet Group will be offered the opportunity to transfer the realizable value of their individual accounts to a new money purchase arrangement to be established by the new holding company.

These changes will have no effect on the members of either the Pension Scheme or the Retirement Trust unless they are (or were) employed by Comet Group. Full details of the transfer will be provided to affected members at a later date.

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

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



IAN EDWARDS
Company: Kingfisher
Committees: ⌘ ▲
Based: London
Appointed: 30 March 1992

THE TRUSTEE BOARD

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

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

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

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

CHANGES TO THE TRUSTEE BOARD

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

Tiku Patel (e-Kingfisher) resigned from the Trustee Board on 7 May 2002.

Under the terms of the Pensions Act 1995, Kingfisher plc opted out of the requirement to appoint Member Nominated Trustees. Following the completion of the bulk transfers related to the demerger of the Woolworths Group and sale of Time Retail and Superdrug, Kingfisher proposed new arrangements for the appointment of Trustees. The proposals have been approved by the Trustees and Scheme members in accordance with the Pensions Act 1995.

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

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

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

TERRY HARTWELL
Company: Kingfisher
Committees: ▲
Based: Chandlers Ford
Appointed: 6 November 1998

JOHN MARTIN
Company: Independent
Committees: ▲
Based: Bushey
Appointed: 30 March 1992

ACCOUNTS AND AUDIT COMMITTEE (⌘)

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

The role of the Committee is to:

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

BENEFITS COMMITTEE (●)

Membership: Roger Jones (Chairman); Helen Chandler; Brian Venters; Neil Lister (non-Trustee).

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

- the distribution of lump sum death benefits; and
- the granting of ill-health early retirement pensions (for Kingfisher Pension Scheme members).

After the end of the Scheme year, Neil Lister resigned and Tony Stanworth was appointed in his place.

INVESTMENT COMMITTEE (▲)

Membership: Tony Stanworth (Chairman); Ian Edwards; Terry Hartwell; John Martin; Val Struthers; Helen Weir (non-Trustee) (appointed from 5 November 2002)

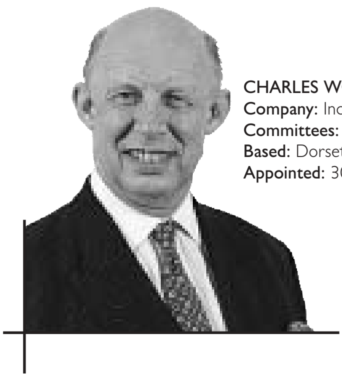
The Trustee Board agrees the Statements of Investment Principles of the Pension Scheme and Retirement Trust. Day-to-day investment management is undertaken by external managers. The role of the Committee is to:

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

SEALING COMMITTEE (★)

Membership: Tony Stanworth and Roger Jones.

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



CHARLES WOODWARD
Company: Independent
Committees: ⌘ (Chairman)
Based: Dorset
Appointed: 30 May 1992

LIZ WRIGHT
Company: Kingfisher
Committees: ⌘
Based: London
Appointed: 13 May 1997

NEIL LISTER
Head of Pensions

ADMINISTRATION

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

Neil Lister who was appointed as Head of Pensions on 10 September 2001 resigned from Kingfisher with effect from 31 May 2003.

Colin Hately was appointed as Head of Pensions with effect from 26 March 2003. Colin continues in his role as Secretary to the Trustee Board.

COLIN HATELY
Pensions Manager

PARTICIPATING COMPANIES

COMPANY	DATE OF PARTICIPATION IN PENSION SCHEME	DATE OF PARTICIPATION IN RETIREMENT TRUST
B&Q plc	1 February 1988	6 April 1988
B&Q (Guernsey) Ltd	1 February 1988	6 April 1988
B&Q (Retail) Jersey Ltd	1 February 1988	6 April 1988
B&Q Properties Limited*	1 February 1987	6 April 1988
Comet Group PLC	1 February 1987	6 April 1988
Kingfisher plc	1 February 1987	6 April 1988
Screwfix Direct Ltd	1 August 2000	1 August 2000

*Known before 30 April 2003 as Chartwell Land plc

MEMBER INFORMATION

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

- Personal Benefit Statements, which annually give individual members information on the benefits they may receive.
- *Start*, a magazine explaining in an informal way the options open to employees.
- *The Pension Scheme Members' Guide,* the explanatory booklet for the Kingfisher Pension Scheme.
- *The Retirement Trust Members' Guide*, the explanatory booklet for the Kingfisher Retirement Trust.
- *The KPS AVC Guide*, a booklet for members of the Pension Scheme giving full details of the Kingfisher AVC Scheme.
- *Penfriend*, a magazine of news and interests specially for pensioners.

  All of these publications are online at our website www.kgbd.co.uk; alternatively, you can contact the person shown for your company on page 60.
- The 24 hour Information Line (020 7644 1200) which gives recorded information on, amongst other things, what happens when a member leaves or retires.

THE PENSION SCHEMES REGISTRY

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

Address: OPRA, The Pension Schemes Registry, PO Box 1NN, Newcastle-upon-Tyne, NE99 1NN.
Telephone: 0191 225 6316

THE OCCUPATIONAL PENSIONS REGULATORY AUTHORITY (OPRA)

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

Address: OPRA, Invicta House, Trafalgar Place, Brighton, East Sussex, EN1 4DW
Telephone: 01273 627600

COMPLAINTS PROCEDURE

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

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

   The reply will include:

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

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

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

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

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

   The reply will include:

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

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

Address: OPAS Ltd, 11 Belgrave Road, London, SW1V 1RB
Telephone: 0845 6012923 (all calls are charged at local rates)

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

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

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

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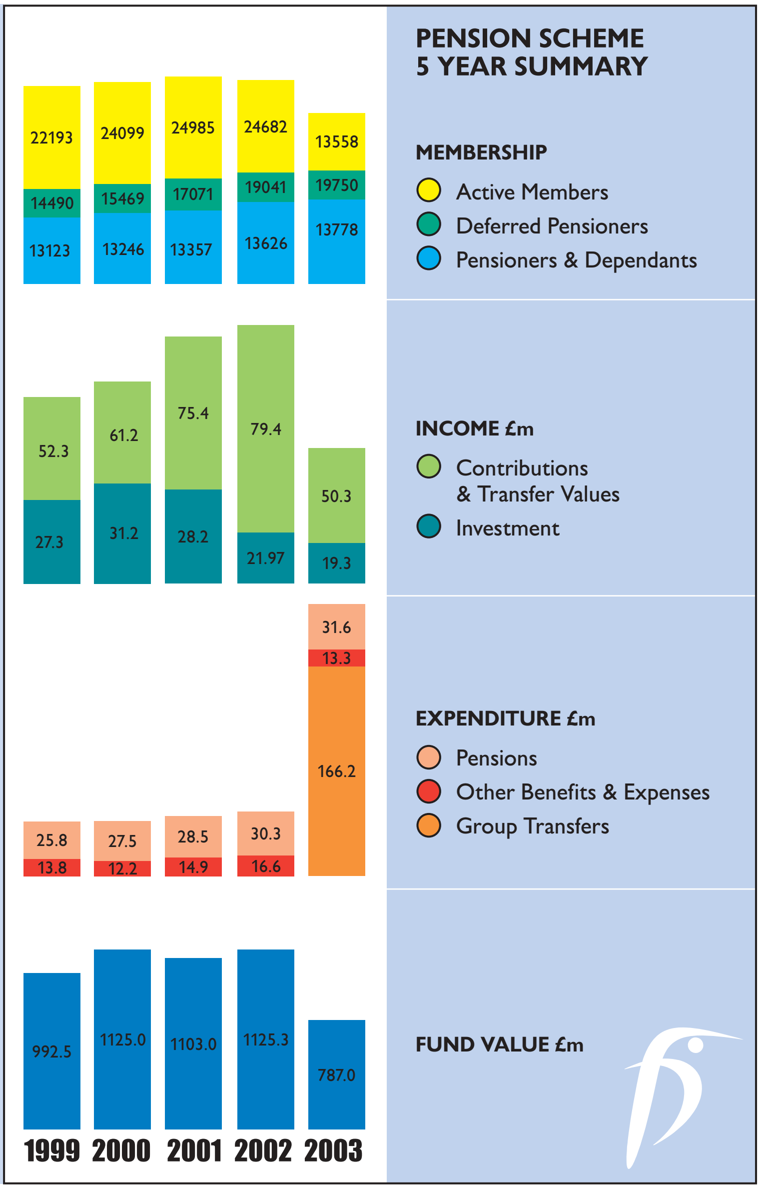


PENSION SCHEME
5 YEAR SUMMARY
MEMBERSHIP
Active Members
Deferred Pensioners
Pensioners & Dependants
22193 24099 24985 24682 13558
14490 15469 17071 19041 19750
13123 13246 13357 13626 13778
INCOME £m
Contributions & Transfer Values
Investment
52.3 61.2 75.4 79.4 50.3
27.3 31.2 28.2 21.97 19.3
EXPENDITURE £m
Pensions
Other Benefits & Expenses
Group Transfers
25.8 27.5 28.5 30.3 31.6
13.8 12.2 14.9 16.6 13.3
166.2
FUND VALUE £m
992.5 1125.0 1103.0 1125.3 787.0
1999 2000 2001 2002 2003

PENSION SCHEME

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

The Scheme:

- is open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;
- is governed by the Definitive Trust Deed and Rules and approved by the Inland Revenue under the Income and Corporation Taxes Act 1988;
- is contracted-out of the State Second Pension (S2P).

This Report should be read in conjunction with the information set out on pages 6 to 11.

SUMMARY OF BENEFITS PROVIDED BY THE SCHEME

This is only a brief outline of the Scheme. Further details can be found in the 'Kingfisher Pension Scheme Members' Guide', available online at our website www.kgbd.co.uk, from personnel departments or from the person named for your company on page 60. The legal position is governed by the Trust Deed and Rules, copies of which are available to members. Legal reliance should only be placed on this formal document.

RETIREMENT

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

From State Pension Age, part of this increase will be paid by the State, with the remainder paid by the Scheme. The pensions of members who joined the Scheme before 6 April 1997 will include the Guaranteed Minimum Pension (GMP), which is roughly equivalent to what a member would have received from the State Earnings Related Pension Scheme (SERPS) had they not been a member of the Scheme. Increases to the GMP are paid by the State (see page 20 for information about changes to GMP).

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

ILL-HEALTH

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

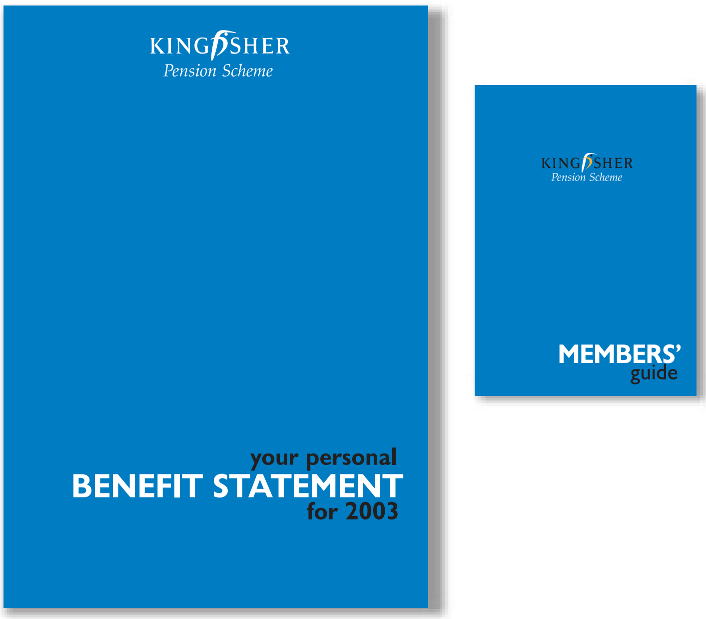
If earning capacity is seriously impaired, then the pension may be based on a maximum of full potential Scheme membership to age 60.

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

DEATH

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

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



LEAVING

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

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

Deferred pensions continue to receive increases before retirement. The GMP element increases at 6.25% per annum for members leaving service after 1 April 1997 or at 4.5% for those who left after 5 April 2002. Differing rates are applied to members leaving prior to 1 April 1997; the rates being set by the Inland Revenue. Any excess increases annually by the increase in the Retail Price Index, up to a maximum of 5%.

COST

Members' contributions are 5% of Pensionable Salary, but this usually translates into a reduction in take-home pay of less than 3% as a result of:

- the Scheme being contracted-out of S2P with most members paying lower National Insurance contributions; and

- members receiving tax relief on their contributions.

Participating companies meet the balance of the cost to ensure that the Scheme is able to meet its estimated future commitments, which can be very long-term, spanning fifty or more years. This is assessed by the Scheme Actuary, taking into account the expected future experience of the Scheme as well as the Scheme's current financial position.

Following the Actuarial Review, the contribution rates were reset. Each employer was required to make an additional contribution equal to the difference in the old rate of 12.5% (which for B&Q was 12.9%) and 13.5% (13.9% in the case of B&Q). Where relevant, each employer paid arrears in a timely manner.

From April 2003, the limit on earnings that can count for pensions purposes (the Pensions Cap) in respect of members who joined after May 1989 increased from £97,200 to £99,000.

STATE PENSION

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

ADDITIONAL VOLUNTARY CONTRIBUTIONS

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

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

Members have a choice of :

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

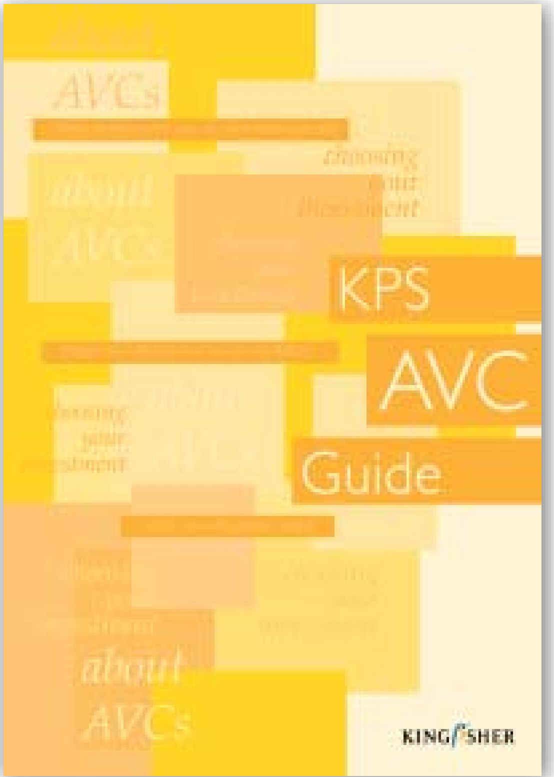
  The annual bonus rate during the year was 4.25% and as from 1 April 2003 becomes 3.25%. This bonus becomes part of the member's fund on which future bonuses will be calculated. When the benefits become payable, there is the possibility of an additional Terminal Bonus.

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

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

At the year end, there were 2433 active members with AVC accounts, a decrease on last year's membership of 5718. There were also 2385 deferred members with AVC accounts.

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



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

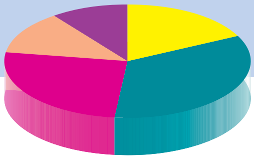
MEMBERSHIP

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

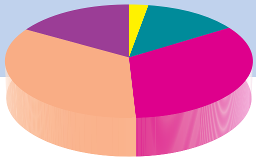
- Active members - currently contributing employees who are members of the Scheme.
- Deferred pensioners - members who have left service or otherwise ceased active membership and have the right to a future pension under the Scheme.
- Pensioners - members who have retired and are in receipt of a pension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

AGE PROFILES AT 31 MARCH 2003

AGE PROFILES AT 31 MARCH 2003	ACTIVE MEMBERS
Age 16-30	2392
Age 31-40	4615
Age 41-50	3501
Age 51-55	1671
Age 56+	1379

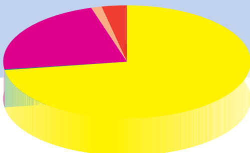


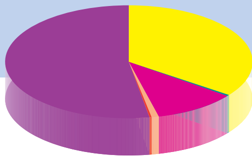
PENSIONERS & DEPENDANTS	AGE PROFILES AT 31 MARCH 2003
370	Age 50 and under
1811	Age 51-60
4590	Age 61-70
4738	Age 71-80
2269	Age 81+

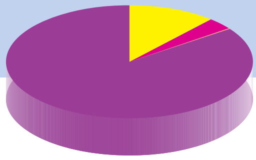


MEMBERSHIP BY OPERATING COMPANY †

MEMBERSHIP BY OPERATING COMPANY †	ACTIVE MEMBERS	DEFERRED PENSIONERS	PENSIONERS & DEPENDANTS
B&Q	9849	6909	1577
Chartwell Land*	30	69	5
Comet	3044	2127	468
Kingfisher	188	185	26
Screwfix Direct	447	55	0
Others**	0	10405	11702







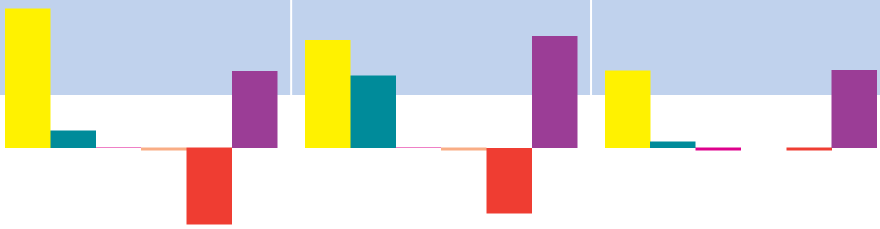
† at 31 March 2003

* Known since 30 April 2003 as B&Q Properties Limited

** Includes former participating companies Woolworths group, Superdrug, Entertainment UK, MVC and VCI

CHANGES IN MEMBERSHIP DURING THE YEAR

CHANGES IN MEMBERSHIP DURING THE YEAR	ACTIVE MEMBERS	DEFERRED PENSIONERS	PENSIONERS & DEPENDANTS
At 31 March 2002	24682	19041	13626
New	3075	12738	1121
Deaths	10	27	495
Retirements	504	446	0
Leavers	13685	11556	474
At 31 March 2003	13558	19750	13778



PENSION INCREASES AND TRANSFER VALUES

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

Increases from the Scheme do not apply to that element of the pension representing any Guaranteed Minimum Pension (GMP) in payment after age 60 for females or 65 for males (which the Scheme is required to provide as a consequence of contracting-out of SERPS), as these increases are provided along with the State pension. The GMP element earned after April 1988 will be increased by the Scheme in line with inflation, as required by legislation, up to a limit of 3% per annum. Both Jersey and Guernsey have their own Retail Prices Index (4.9% and 4.4% respectively at December 2002), 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 would not pay full-rate NI contributions. Because this reduced the member's SERPS pension, a contracted-out scheme had to guarantee to pay a minimum pension so that the member would not be disadvantaged.

As a result of the 1995 Pensions Act, with effect from 6 April 1997, contracted-out final salary schemes no longer have to guarantee to provide a minimum pension. Instead, they are required to pass a 'Reference Scheme Test'. Consequently, members who joined after 6 April 1997, will not have a GMP. The GMPs of members who joined before 6 April 1997 stopped accruing at that date.

PENSION INCREASES

	1999	2000	2001	2002	2003
Kingfisher	2.8%	1.8%	2.9%	0.7%	2.9%
RPI (Inflation)	2.8%	1.8%	2.9%	0.7%	2.9%

TRANSFER VALUES

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

ACTUARIAL AND FINANCIAL REVIEW

ACTUARIAL REVIEW

The financing of the Scheme is subject to regular review by the Actuary. The main purpose of a review (Actuarial Valuation) is to assess the adequacy of the fund and the level of contributions necessary to maintain the financial soundness of the Scheme in relation to benefits that have accrued and will accrue to members and their dependants. These reviews normally occur every three years. Although a valuation was carried out at 31 March 2001, the Trustees commissioned an additional valuation to be carried out at 31 March 2002 after Woolworths Group plc, Superdrug Stores PLC and Time Retail Finance Ltd ceased to participate.

The 2002 Valuation showed that the long-term rate of employer's contribution required to cover the accrual of future service benefits (including an allowance for administrative expenses) is 13.9% (except for B&Q at 14.4%) of pensionable earnings. However, the balance of assets over the cost of benefits earned to the Valuation date means that employer contributions may be maintained at the level of 13.5% (except for B&Q at 13.9%) of pensionable earnings for a period of three years.

The Actuary's Statement is shown on page 31.

FINANCIAL REVIEW

During the year to 31 March 2003, the Scheme's spending on pensions, other benefits and expenses exceeded (member related) income from contributions and transfers-in by approximately £159 million. Spending on pensions, other benefits and expenses includes group transfers of approximately £166 million.

The Scheme's investment income, less the decrease in the market value of its investments, resulted in the fund value at the year end of £787 million being £338 million lower than the value at the commencement of the year which was £1,125 million.

The Investment Report on page 27 gives more information on the investment background, strategy and performance over the year.

COMPANY ADDITIONAL CONTRIBUTIONS

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

As explained on page 15, following the Actuarial Review, employer normal contribution rates were increased. The increase was applied retroactively from 1 April 2002 and additional contribution payments equal to the difference between the old and the new rates were due to and received by the Scheme in January 2003. A revised Schedule of Contributions was prepared reflecting the new rates and certified by the Actuary on 20 December 2002.

INVESTMENT OBJECTIVES

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

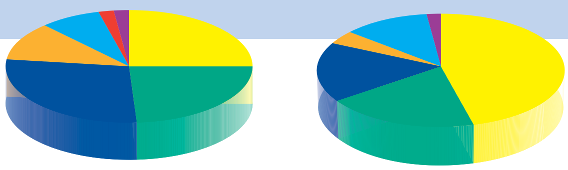
- To achieve a return on the Scheme's assets over the longer-term that exceeds the growth of the Scheme's liabilities (due to increases in salaries and price inflation) consistent with an acceptable degree of risk measured in terms of variability in funding level (defined as 'assets divided by liabilities').

- At least match the rate of return of the 'average' pension fund over a period of time (in excess of five years) providing this is not incompatible with the above.

The Scheme's investment objectives are set out in detail in the 'Statement of Investment Principles', a copy of which is available by writing to the Group Reward and Benefits Department at the address given on page 60. The current Statement is being revised to reflect the new asset allocation strategy and investment manager arrangements.

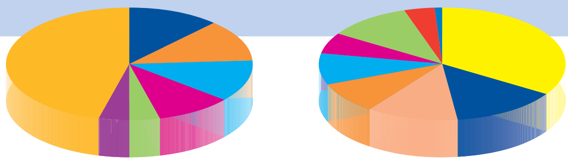
DISTRIBUTION OF SCHEME ASSETS (%)

2003		2002
25	UK Equities	46
24	Overseas Equities	19
28	Fixed Interest	17
11	Index-Linked Gilts	4
8	Cash and Cash Instruments	12
2	Property	0
2	AVC Funds	2



DISTRIBUTION OF THE FUND BY INVESTMENT MANAGERS (%)

2003		2002
0	BGI (UK Equity)	34
12	AXA Rosenberg (UK Equity)	14
0	Legal & General (Overseas Equity)	12
12	Gartmore Investment Managers (Fixed Interest)	9
12	Western Asset (Fixed Interest)	9
10	Clay Finlay (Global Equity)	6
4	Deutsche Asset Management (Cash)	11
0	BGI Index-linked Gilts	4
0	State Street Global Advisors (Overseas Equity Emerging Markets)	1
4	Morley Fund Managers	0
46	State Street Global Advisors (Passive Global Equities and Bonds)	0



INVESTMENT STRATEGY

The strategy to achieve the investment objectives involves the Scheme's assets being spread across a number of asset classes and geographic areas.

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

The target asset allocation is as follows:

Asset Class		Mandate	Proportion of fund allocated
Equities	- Clay Finlay	Active Equities - Global	11%
	- Axa Rosenberg	Active Equities - UK only	13%
	- State Street Global Advisors	Passive Global	36%
Bonds	- Gartmore	Active – Global	11%
	- Western	Active – Global	11%
	- State Street Global Advisors	Passive Global	8%
Property	- Morley Fund Managers	n/a	10%

The Scheme does not hold shares directly in Kingfisher plc.

The transition of assets highlighted last year has now been completed, with the allocation to property being phased to ensure the scheme obtains the most favourable terms.

CHANGES TO INVESTMENT MANAGEMENT ARRANGEMENTS

STATE STREET GLOBAL ADVISORS (SSGA)

SSGA were appointed on 22 November 2002 to manage the consolidated passive equity and bond mandates previously managed by Legal and General and Barclays Global Advisors. SSGA was initially allocated £347m.

CLAY FINLAY, AXA ROSENBERG AND WESTERN ASSET MANAGEMENT

New benchmarks and objectives were agreed with each manager and the necessary amendments to the relevant Investment Manager Agreements were implemented.

MORLEY FUND MANAGEMENT

Morley Fund Management were appointed on 22 November 2002 to manage (indirectly) the new property portfolio amounting to approximately £75 million. The initial allocation to Morley was £28 million.

CORPORATE GOVERNANCE

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

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

SOCIALLY RESPONSIBLE INVESTMENT

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

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

However, the Trustee Board recognises that because of the need to closely track the Index benchmarks, it is not appropriate for the Scheme's passive managers (see pages 27 to 28 for details of the investment managers) to take account of social, environmental or ethical considerations in the construction of their portfolio. However, the Trustee Board also encourages its passive managers to pursue policies of engagement with the companies in which they invest funds.

CUSTODY OF THE SCHEME'S INVESTMENTS

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.

INVESTMENT BACKGROUND

EQUITIES

Equity markets entered 2002 in a relatively buoyant mood following the sharp reduction in interest rates at the end of 2001, in the wake of the World Trade Centre tragedy, and hopes for a return to growth in the world economy. But soon corporate accounting scandals and weak corporate earnings sapped investor confidence. As the year progressed, equity markets sank on increasing concerns about the fragility of the US economic recovery, the threat of military conflict with Iraq and rising oil prices. All the major world equity markets produced a third consecutive year of negative returns.

Events in the US dominated the world equity scene in 2002. WorldCom and a string of other accounting malpractices sent the US equity markets plummeting, with the NASDAQ market leading the way down. By September, the Dow Jones Industrial Average index had fallen to a six-year low and the Technology, Media and Telecoms dominated NASDAQ index had lost 40% of its value. Slowing growth, as the US economy hit a ‘soft patch’, in the words of US Federal Reserve chairman Alan Greenspan, heightened investor concerns about a ‘double dip’ recession. A brief rally towards the end of December, ahead of a further cut in US interest rates, recovered only a small proportion of the losses.

Other world economies echoed these trends, with Europe (ex-UK) suffering from lacklustre economic growth and Japan hitting a 19 year low as domestic cross-holdings were unwound, foreigners disinvested and the banking crisis continued.

UK Equity markets were marginally less affected due to improving economic growth and sustained consumer spending.

Asia Pacific (ex-Japan) was helped by the relative strength of the Australian economy and elsewhere by the belief that both the corporate and financial communities were in relatively better shape, having learned hard lessons from the region’s 1997 crisis.

INVESTMENT BACKGROUND

UK

The FTSE All Share Index returned -29.8% over the year.

CONTINENTAL EUROPEAN MARKETS

FTSE-W Europe (excluding UK) Index returned -34.4% in Sterling terms over the year.

JAPAN

The FTSE-AW Japan Index returned -25.6% in Sterling terms over the year.

THE PACIFIC BASIN

The FTSE-AW Developed Asia Pacific (Excluding Japan) Index returned -19.1% in Sterling terms over the year.

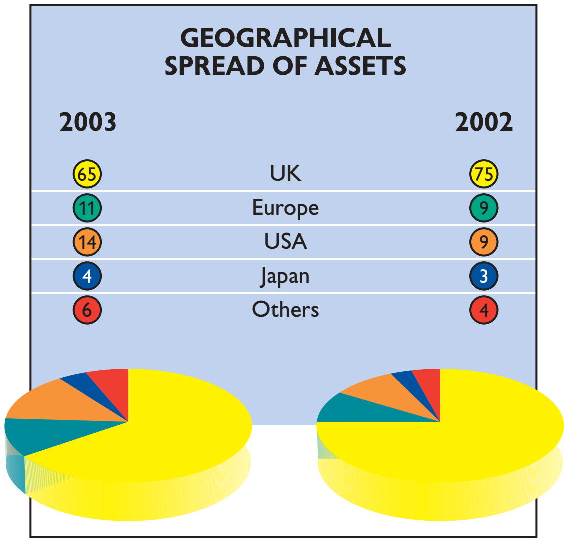
US EQUITIES

The FTSE AW USA Index returned -32.4% in Sterling terms over the year.

FIXED INTEREST (BONDS)

Despite Government bond yields rising towards the end of last year plunging equity markets caused bond yields to fall throughout last year. A short-lived equity market rally in the Autumn saw bond yields temporarily rise before continuing their downward path in December. The last quarter bond prices rose slightly due to a base rate reduction in the UK, from 4% to 3.75%, with the fall in Sterling against all major currencies having a positive effect on bond returns.

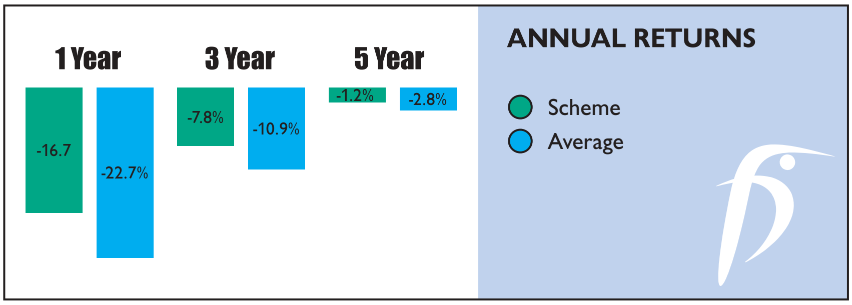
Over the year the JP Morgan (Global excluding UK) Index returned 12.5% in Sterling Terms and the FTSE A All Stocks Gilts Index retuned 11.3%.



INVESTMENT PERFORMANCE REVIEW

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, the Combined Actuarial Performance Services (CAPS) investment survey. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2003 was -16.7%. This was against the survey average return of -22.7%. Whilst a Scheme benchmark was set in February 2003, it is too early to measure the Scheme's return against this benchmark.

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 -7.8% and -1.2% compared to the average of -10.9% and -2.8% respectively.



CURRENT MANAGERS' OBJECTIVES AND ACHIEVEMENTS

As part of the Scheme's investment strategy, its assets are allocated to a number of investment managers in specific asset classes. The investment managers are given performance objectives which, when combined, are intended to enable the Scheme to achieve its overall investment objectives (see page 22).

UK EQUITIES

Axa Rosenberg Investment Management's UK Equity portfolio objective is to out-perform the FTSE All-Share Index by 2% per annum (net of base fees) over rolling three year periods. Over the year and longer-term, Axa Rosenberg achieved its objective. Axa Rosenberg's fees are market-value based with a performance-related element.

OVERSEAS EQUITIES

Clay Finlay's objective is to out-perform a 'global index' return by 2% per annum (net of base fees) over rolling three year periods. Over the latest rolling three-year period, Clay Finlay did not acheive its benchmark or its objective. Clay Finlay's fees are market value-based and have a performance-related element.

INVESTMENT PERFORMANCE REVIEW

State Street Global Advisors's objective is to deliver a return to within 0.5% of the rolling annual 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: 43.9% FTSE-All Share Index; 28.1% FTSE-All World North America; 16.8% FTSE-All World Europe ex-UK; 5.6% FTSE-All World Japan and 5.6% FTSE-All World Pacific Basin ex Japan. As State Street Global Advisors were appointed in November 2003, it is too early to assess their performance. State Street is remunerated on the basis of a fixed fee.

FIXED INTEREST

Gartmore Investment Management's fixed interest portfolio has the objective of out-performing its benchmark by 1.5% per annum (net of base fees) over rolling three year periods. The 'benchmark' is made up of UK and Overseas Fixed Interest securities and comprises the following indices: 25% FTSE Actuaries All-Stocks Gilts Index; 25% Merrill Lynch Sterling Non-Gilts Index; 20% FTSE Actuaries Over-5 Year Index-Linked Gilts Index and 30% JP Morgan WXUK Index (fully hedged). As Gartmore Investment Management was appointed in February 2002, it is too early to assess their performance. Gartmore's fees are market-value based with a performance-related element.

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

State Street Global Advisors' objective is to deliver a return to within 0.5% of the rolling annual 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: 18.1% FTA British Government All-Stocks Index; 47.5% FTA British Government (Over 5 Years) Index-Linked Gilts Index; 18.1% JP Morgan Global Government (ex-UK) Bond Index and 16.3% Merrill Lynch Sterling Non-Gilts All Stocks. As State Street Global Advisors was appointed in November 2002, it is too early to assess their performance. State Street is remunerated on the basis of a fixed fee.

PROPERTY

Morley Fund Management's property portfolio has the objective of out-performing the CAPS Pooled Property Median by 0.5% (net of fees) per annum over rolling three year periods. As Morley Fund Management was appointed in November 2002, it is too early to assess their performance. Morley is remunerated on a fixed fee basis.

CASH AND CASH INSTRUMENTS

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

TRUSTEE'S CASH

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

INDEPENDENT AUDITOR'S REPORT

To the Trustee of the Kingfisher Pension Scheme

We have audited the accounts on pages 34 to 42.

This report is made solely to the scheme trustee directors, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work and our work on contributions has been undertaken so that we might state to the scheme trustee directors those matters we are required to state to them in such an auditor's 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 directors as a body, for our audit work, our work on contributions, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEE AND AUDITORS

As described on page 33, the scheme's trustee is responsible for obtaining audited accounts which comply with applicable United Kingdom law and Accounting Standards. The trustee is also responsible for making available, commonly in the form of a trustee's report, certain other information about the scheme which complies with applicable United Kingdom law. Further, as described on page 33, the trustee is responsible for ensuring that a schedule of contributions payable to the scheme is prepared and maintained and for procuring that contributions are made to the scheme in accordance with that schedule. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

We read the trustee's report and other information accompanying the accounts and consider whether it is consistent with those accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

BASES OF OPINIONS

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

We planned and performed our audit so as to obtain all the information and explanations which we

INDEPENDENT AUDITOR'S REPORT

considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error, and that contributions have been paid in accordance with the relevant requirements. In forming our opinions we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINIONS

Opinion on the accounts

In our opinion the accounts show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 March 2003 and of the amount and disposition at that date of the assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year) and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Auditor's Statement about Contributions

In our opinion, contributions for the scheme year ended 31 March 2003 have been paid from 1 April 2002 to 19 December 2002 in accordance with the Schedule of Contributions certified by the actuary on 29 January 2002 and subsequently in accordance with the Schedule of Contributions certified by the actuary on 20 December 2002.

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

26 June 2003

ACTUARIAL STATEMENT

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

Kingfisher Pension Scheme

Valuation as at 31 March 2002

1. Security of Prospective Rights

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

By Members	5% of pensionable earnings
By the Company	13.5% of pensionable earnings subject to review at the next valuation, due as at 31 March 2005. Additional contributions are payable by B&Q equal to 0.4% of B&Q pensionable earnings.

2. Summary of Methods and Assumptions used

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

Funding method: Projected Unit

Main financial assumptions (relative to an assumed inflation rate of 3.0% per annum):

Earnings Escalation	1.55% p.a.
Pension Increases (in payment)*	-0.25% p.a.
Pension increases (in deferment)*	0.00% p.a.
Investment return on existing assets	3.40% p.a.
Investment return on future contributions	3.50% p.a.

* on the excess over the Guaranteed Minimum Pension.

Further details of the methods and assumptions used are set out in my actuarial valuation report addressed to the Trustees and Kingfisher plc dated 5 November 2002.

P. N. M. Sisson

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

Watson House
London Road
Reigate
Surrey RH2 9PQ

5 November 2002

ACTUARIAL CERTIFICATE

Certification of Schedule of Contributions
(Section 58, Pensions Act 1995)

Name of scheme: Kingfisher Pension Scheme

Adequacy of rates of contributions

I hereby certify that, in my opinion, the rates of contributions payable in accordance with the schedule of contributions are adequate for the purpose of securing that the minimum funding requirement imposed by Section 56(1) of the Pensions Act 1995 will continue to be met throughout the remainder of the period covered by the schedule of contributions.

In forming this opinion, I have complied with the requirements imposed by Sections 56(3) and 58 of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on the minimum funding requirement (GN27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries, and have made the assumptions prescribed by them.

Signature P. N. M. Sisson 20 December 2002

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

Address Watson House
London Road
Reigate
Surrey
RH2 9PQ

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year, and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the year; and

- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

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

Under the Pensions Act 1995, the Trustee Board 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 Trustee Board is also responsible for keeping records of contributions received in respect of any active member of the Scheme, and for ensuring that contributions are made to the Scheme in accordance with the Schedule of Contributions.

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

FINANCIAL STATEMENT for the period ended 31 March 2003

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Fund at the beginning of the year			1,125,325		1,102,671
Contributions & Benefits					
Contributions	2	48,747		74,819	
Transfer values	3	1,524		4,587	
		50,271		79,406	
Benefits payable	4	(38,396)		(39,614)	
Leavers	5	(168,503)		(5,835)	
Administrative expenses	6	(2,356)		(2,012)	
		(209,255)		(47,461)	
Net (withdrawals)/additions from dealings with members		(158,984)		31,945	
Returns on Investments					
Investment income	7	19,348		21,967	
Change in market value of investments	8	(196,856)		(28,790)	
Investment management expenses	9	(1,798)		(2,468)	
Net returns on investments		(179,306)		(9,291)	
Net (decrease)/increase in Fund during the year			(338,290)		22,654
Fund at the end of the year			787,035		1,125,325
Represented by:					
Investments	8		789,418		1,125,424
Debtors	10	267		79	
Creditors	11	(2,135)		(1,854)	
Bank accounts		(515)		1,676	
			(2,383)		(99)
Net assets of the Scheme at the end of the year			787,035		1,125,325

The Notes on pages 35 to 42 form part of this Financial Statement.

R.E. Jones

J.C. Woodward

For Kingfisher Pension Trustee Limited

26 June 2003

NOTES TO THE FINANCIAL STATEMENT

1. Accounting Policies

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

The Financial Statement summarises the transactions of the Scheme and deals with the net assets at the disposal of the Trustee Board. It does not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such liabilities, is dealt with in the Actuarial Statement on page 31.

The following accounting policies have been applied:

a) Employee contributions are accrued for from the date of deduction from payroll, and employer contributions are accrued for as they fall due.

b) Benefits are accounted for on an accruals basis, except where the member has a choice of benefits, in which case a cash basis is used.

c) Individual transfer values to or from other schemes are accounted for on a cash basis. Group transfers are accounted for on a cash basis except where the Trustee Board has agreed to accept the liability in advance of the funds, in which case the transfer is accrued in accordance with the terms of the agreement.

d) Securities have been included at mid-market values at 31 March 2003. Unit funds have been valued at the mid-point quoted by the unit manager on the date nearest 31 March 2003. Futures contracts are valued at market prices at the year end on the associated economic exposure basis. The associated economic exposure of a futures contract is the value of an amount of securities which, if held as an alternative to the futures contract, would provide a similar return in the market to that obtained on the futures contract. Other derivative contracts are included at market value.

e) Any transaction in foreign currency is converted to Sterling at the exchange rate ruling at the transaction date. Assets and liabilities are translated at year end rates.

f) Dividends, fixed interest income and deposit interest have been accounted for on an accruals basis.

g) Administration and investment management expenses are accounted for on the accruals basis.

h) Overseas taxation on dividends is accounted for as irrecoverable taxation on an accruals basis net of any recoveries received during the year.

NOTES TO THE FINANCIAL STATEMENT

2. Contributions

2003

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	7,668	1,207	21,108	458	30,441
Comet	2,948	466	8,038	24	11,476
Others	1142	200	2,896	2,592	6,830
Total Contributions	11,758	1,873	32,042	3,074	48,747

2002

	Members Ordinary	Members Additional Voluntary	Company Ordinary	Company Additional	Total Contributions
	£'000	£'000	£'000	£'000	£'000
B&Q	6,743	1,293	18,042	0	26,078
Comet	3,168	543	8,021	43	11,775
Entertainment UK	707	122	1,805	2	2,636
Superdrug	1,987	509	4,974	163	7,633
Woolworths	5,337	1,525	13,803	660	21,325
Others	1,378	378	3,515	101	5,372
Total Contributions	19,320	4,370	50,160	969	74,819

3. Transfer Values

	2003	2002
	£'000	£'000
Group Transfers	65	1,306
Individual transfers-in from other schemes	1,459	3,281
Total	1,524	4,587

NOTES TO THE FINANCIAL STATEMENT

4. Benefits Payable

	2003 £'000	2002 £'000
Lump sums on retirement	6,050	7,604
Lump sums on death	1,085	2,044
Gross pensions	31,560	30,313
Less Annuities	(299)	(347)
Total	38,396	39,614

5. Leavers

	2003 £'000	2002 £'000
Group transfers (see note 13)	166,200	0
Individual transfers-out	1,561	4,520
DWP Premiums	309	802
Refunds of contributions	433	513
Total	168,503	5,835

6. Administrative Expenses

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

	2003 £'000	2002 £'000
Staff costs	1,305	1,088
Rent, rates and service charges	410	319
Professional fees	322	228
Communications and printing	82	117
General	86	66
Computing	60	106
Valuation	91	88
Total	2,356	2,012

NOTES TO THE FINANCIAL STATEMENT

7. Investment Income

	2003 £'000	2002 £'000
UK		
- Equities	4,440	5,075
- Fixed Interest	6,875	7,560
- Unquoted Unit Trusts	35	2
- Index-Linked	152	0
- Property	25	0
Overseas		
- Equities	1,269	1,108
- Fixed Interest	2,730	3,896
- Unquoted Unit Trusts	75	212
Interest on cash and cash instruments	3,857	4,240
Sub-total	19,458	22,093
Irrecoverable taxation	(110)	(126)
Total	19,348	21,967

8. Investments

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

NOTES TO THE FINANCIAL STATEMENT

8. Investments

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

	Value at 31 March 2002	Purchases	Sales	Movement in value	Value at 31 March 2003	Percentage of total Fund at 31 March 2003
	£'000	£'000	£'000	£'000	£'000	
UK Equities						
- Equities Quoted	146,206	178,389	178,921	(50,509)	95,165	12.06
- Managed Unit Funds	368,062	159,551	329,398	(100,609)	97,606	12.36
Sub-total	514,268	337,940	508,319	(151,118)	192,771	24.42
Overseas Equities						
- Europe Quoted	26,539	21,132	16,022	(11,087)	20,562	2.61
- Japan Quoted	10,068	16,619	13,585	(2,496)	10,606	1.34
- United States Quoted	19,999	25,794	9,419	(8,218)	28,156	3.57
- Pacific Basin Quoted	11,732	6,085	6,035	(3,396)	8,386	1.06
- Managed Unit Funds	146,647	127,998	111,275	(41,154)	122,216	15.48
Sub-total	214,985	197,628	156,336	(66,351)	189,926	24.06
Total Equities	729,253	535,568	664,655	(217,469)	382,697	48.48
UK Fixed Interest						
- Government	78,341	42,833	82,897	3,059	41,336	5.24
- Corporate	53,674	47,556	50,333	2,452	53,349	6.76
- Managed Unit Funds	-	53,618	8,900	26	44,744	5.67
- UK Fixed Income Futures Quoted	866	260	899	(64)	163	0.02
Sub-total	132,881	144,267	143,029	5,473	139,592	17.69
Overseas Fixed Interest						
- Government	11,684	73,493	49,438	7,459	43,198	5.47
- Corporate	45,710	21,724	53,814	(329)	13,291	1.68
- Managed Unit Funds	-	28,149	4,600	1,433	24,982	3.16
- Overseas Fixed Income Futures Quoted	1,747	2,790	5,185	1,540	892	0.11
Sub-total	59,141	126,156	113,037	10,103	82,363	10.42
Total Fixed Interest	192,022	270,423	256,066	15,576	221,955	28.11
UK Index-Linked						
- Quoted	-	28,754	3,394	1,152	26,512	3.36
- Managed Unit Funds	44,052	62,533	48,032	4,831	63,384	8.03
Sub-total	44,052	91,287	51,426	5,983	89,896	11.39
Property						
- UK	0	12,854	0	(9)	12,845	1.63
- Overseas	0	0	0	0	0	0.00
Sub-total	0	12,854	0	(9)	12,845	1.63
Liquid Assets						
- Cash and Cash instruments	130,459	26,526	95,422	(1,217)	60,346	7.65
- Debtors	5,577	0	2.898	0	2,679	0.34
- Creditors	(9,969)	6,187	0	(7)	(3,789)	-0.48
- Investment Managers' fees	(1,309)	713	0	0	(596)	-0.08
- Tax recoverable	318	0	296	0	22	0.00
- Investment income accrual	5,596	0	878	7	4,725	0.60
Sub-total	130,672	33,426	99,494	(1,217)	63,387	8.03
AVC Investments						
- Prudential	25,406	1,709	11,239	763	16,639	2.11
- London Life - surrender value	1,740	10	868	(48)	834	0.11
- Merrill Lynch unit-linked AVCs	981	93	453	(202)	419	0.05
- Legal & General unit-linked AVCs	1,298	146	465	(233)	746	0.09
Sub-total	29,425	1,958	13,025	280	18,638	2.36
Total	1,125,424	945,516	1,084,666	(196,856)	789,418	100.00

NOTES TO THE FINANCIAL STATEMENT

8. Investments

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

	2003 £'000	2002 £'000
Included in the Market Values shown above are:		
Managed Unit Funds with UK registered companies		
- Unquoted Index-tracking unit trusts	352,932	558,761
Managed Unit Funds with overseas registered companies		
- Unquoted Index-tracking	0	13,003
Total	352,932	571,764
Cash & Cash Instruments:		
Cash deposits	46,583	93,721
Cash backing Futures	(1,055)	(2,615)
Floating rate notes	14,818	39,353
Total	60,346	130,459

8.3 AVC Investments

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

8.4 Market Value of the Scheme's largest investments

	2003 £'000	
SSgA (Natwest Life) MPF UK Equity Enhanced	97,254	12.3%
SSgA (Natwest Life) MPF Over-5 Year Index Linked	63,384	8.0%
SSgA (Natwest Life) MPF North American Equities	62,873	8.0%

NOTES TO THE FINANCIAL STATEMENT

9. Investment Management Expenses

	2003 £'000	2002 £'000
Investment managers fees	1,606	2,298
Custody Services	145	141
Performance Measurement and Risk Reporting	43	25
Other Services	4	4
Total	1,798	2,468

10. Debtors

	2003 £'000	2002 £'000
Tax recoverable	22	54
Inter-company expenses due from Kingfisher Retirement Trust	88	15
Others	157	10
Total	267	79

11. Creditors

	2003 £'000	2002 £'000
Tax payable	655	477
Expenses	239	314
DWP	0	152
Sundry Unclaimed Benefits	289	254
Inter-company expenses due to Kingfisher plc	584	114
Others	368	543
Total	2,135	1,854

NOTES TO THE FINANCIAL STATEMENT

12. Related Parties

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

Kingfisher plc pays some administration expenses on behalf of the Scheme, £1,631,000 this year (2002: £1,430,000) and subsequently recharges these to the Scheme. The balance owing to Kingfisher at year end is £584,000.

The Scheme pays some expenses on behalf of the Kingfisher Retirement Trust, £196,000 this year (2002: £133,000), and recharges these to the Trust. The balance due from the Kingfisher Retirement Trust at year end is £88,000.

Transfer values of £212,000 (2002: £474,000) were received into the Scheme from Kingfisher Retirement Trust.

13. Bulk Transfer

With effect from 1 April 2002 the past service liabilities of members employed by Superdrug, Woolworths and Time Retail Finance transferred to successor schemes set up by these employers who left the group during 2002. The bulk transfer payment from the Scheme in respect of the Superdrug transfer was made in September 2002. The Woolworths and Time Retail Finance transfer was made in November 2002. The transfers were calculated by the Scheme's Consulting Actuary.

ADVISERS AND INVESTMENT MANAGERS

Actuary
Peter Sisson*

Auditors
KPMG LLP**

Bankers
Barclays Bank PLC

Investment
Axa Rosenberg European Management Limited
Barclays Global Investors Limited***
Clay Finlay Incorporated
Deutsche Asset Management
Gartmore Investment Management
Legal & General Assurance Pensions Management Limited
London Life Limited
Prudential Assurance Company Limited
State Street Global Advisors UK Limited****
Western Asset Management
Morley Fund Management Limited*****

Custodian
State Street Bank & Trust Company

Solicitors
Mayer Brown Rowe & Maw LLP******

* The employing company of the Scheme Actuary, Watson Wyatt, transferred its business to a limited liability partnership, Watson Wyatt LLP, incorporated under the Limited Liability Partnerships Act 2000.

** The Scheme auditor, KPMG, has transferred its business to a limited liability partnership, KPMG LLP, incorporated under the Limited Liability Partnerships Act 2000. To comply with the formal requirements of the Pensions Act 1995, KPMG has resigned and the Trustees have appointed KPMG LLP with effect from 6 November 2002.

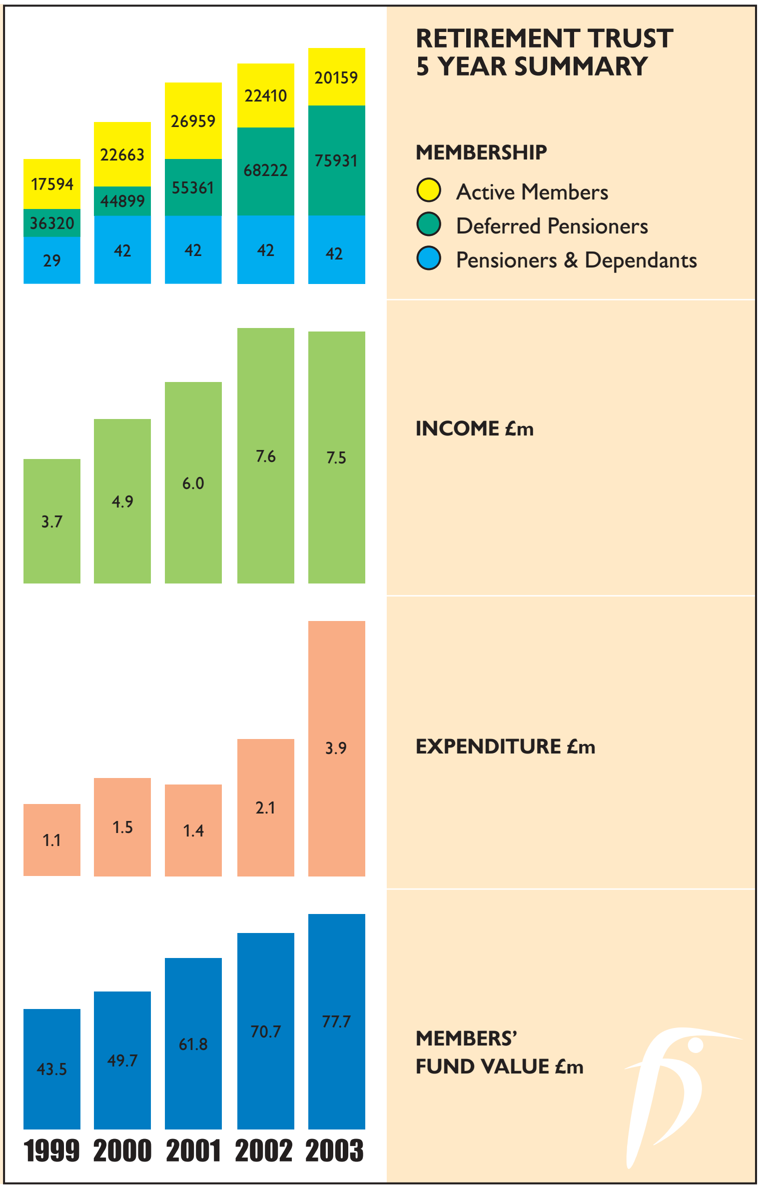
*** The contract with Barclays Global Investors Limited was terminated on 31 January 2003.

**** State Street Global Advisors UK Limited were appointed on 22 November 2002

***** Morley Fund Management Limited was appointed on 22 November 2002.

****** Mayer Brown Rowe & Maw transferred its business to a limited liability partnership, Mayer Brown Rowe & Maw LLP, incorporated under the Limited Liability Partnerships Act 2000 with effect from 30 November 2002.

CONTENTS



RETIREMENT TRUST
5 YEAR SUMMARY
MEMBERSHIP
Active Members
Deferred Pensioners
Pensioners & Dependants
17594
36320
29
22663
44899
42
26959
55361
42
22410
68222
42
20159
75931
42
INCOME £m
3.7
4.9
6.0
7.6
7.5
EXPENDITURE £m
1.1
1.5
1.4
2.1
3.9
MEMBERS' FUND VALUE £m
43.5
49.7
61.8
70.7
77.7
1999
2000
2001
2002
2003

RETIREMENT TRUST

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

The Trust:

- is open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;

- is governed by the Definitive Trust Deed and approved by the Inland Revenue as a Simplified Defined Contribution Scheme under the Income and Corporation Taxes Act 1988;

- is contracted-out of the State Second Pension.

This Report should be read in conjunction with the information set out on pages 6 to 11.

SUMMARY OF BENEFITS

This is only a brief outline of the Trust. Further details can be found in the 'Kingfisher Retirement Trust Members' Guide', available online at our website www.kgbd.co.uk, from personnel departments or from the person named for your company on page 60. The legal position is covered by the Trust Deed and Rules, copies of which are available to members. Legal reliance should only be placed on this formal document.

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

Contributions to the With-Profits Fund build up as a fund of money (as explained on page 50), plus bonuses, which is then used to purchase benefits on retirement. Unit-linked funds rise and fall in line with the underlying investments, therefore the value of a member's fund can fall as well as rise.

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

The main features are:

ON JOINING

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

ON RETIREMENT

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

ON DEATH

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

ON LEAVING

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

STATE PENSION

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

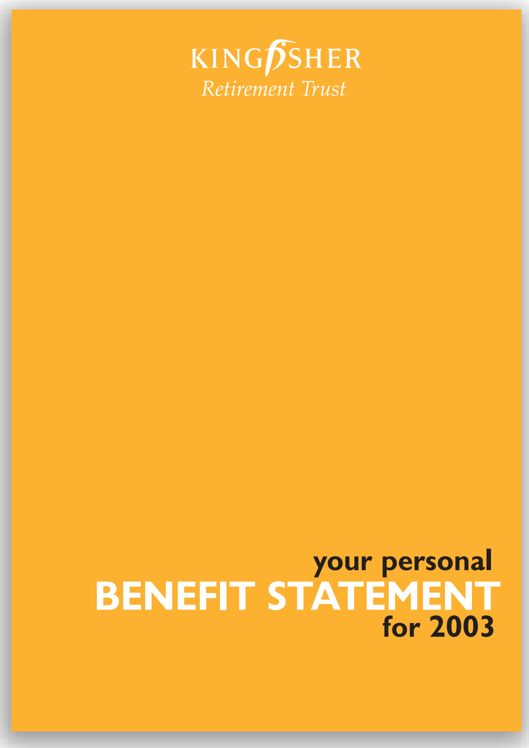
ADDITIONAL VOLUNTARY CONTRIBUTIONS

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

All AVCs have been invested with Eagle Star since 1 October 1993. Members have a choice of Eagle Star's With-Profits fund or a range of other unit-linked funds (see Investment on pages 50 to 51). The value of units purchased in some of these unit-linked funds is subject to fluctuation as they are not guaranteed and so can fall in value as well as rise.

Further information is available from personnel departments or from the person named for your company on page 60.

At the year end, there were 16 active members paying AVCs, a decrease on last year's membership of 50. There were also 81 deferred members with AVC accounts.



MEMBERSHIP

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

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

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

  Men and women over a recommended age (49 for a woman and 57 for a man) will be automatically withdrawn and be reinstated in S2P unless they elect to remain in the Trust or join the final salary Kingfisher Pension Scheme, because from these ages they may not build up as high a level of benefits under the Trust up to age 60 as they could in S2P.

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

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

CONTRIBUTIONS

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

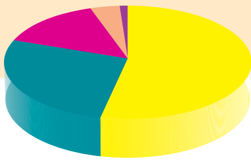
For the year to 5 April 2003, the NI rebate for Trust members is calculated on an age-related basis and is paid in two instalments as follows:

1. A minimum of 2.6% of relevant earnings (from the employee, a contribution of 1.6% grossed-up at the basic rate of Income Tax, and from the employer a contribution of 1.0%) paid on a monthly basis plus

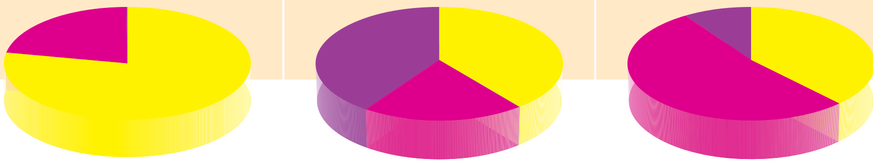
2. an additional amount, depending on the member's age, which could bring the total up to a maximum of 10.5% of relevant earnings paid via the Inland Revenue after the end of the Trust year.

From April 2003, the limit on earnings that can count for pensions purposes (the Pensions Cap) in respect of members of pension schemes who joined after May 1989 increased from £97,200 to £99,000.

AGE PROFILES AT 5 APRIL 2003	ACTIVE MEMBERS
Age 16-30	10748
Age 31-40	5453
Age 41-50	2907
Age 51-55	822
Age 56+	229



MEMBERSHIP BY OPERATING COMPANY †	ACTIVE MEMBERS	DEFERRED PENSIONERS	PENSIONERS & DEPENDANTS
B&Q	15735	29905	16
Chartwell Land*	0	8	0
Kingfisher	7	62	0
Screwfix Direct	0	0	0
Comet	4391	15189	22
Others**	26	30767	4

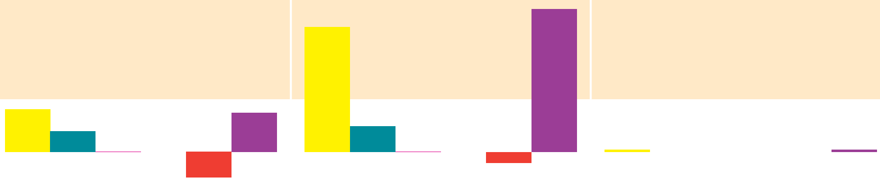


† at 5 April 2003

* Known since 30 April 2003 as B&Q Properties Limited

** Includes former participating companies Woolworths group, Superdrug, Entertainment UK, MVC and VCI

CHANGES IN MEMBERSHIP DURING THE YEAR	ACTIVE MEMBERS	DEFERRED PENSIONERS	PENSIONERS & DEPENDANTS***
At 31 March 2002	22410	68222	42
New	11302	13546	0
Deaths	3	43	0
Retirements	0	0	0
Leavers	13550	5794	0
At 31 March 2003	20159	75931	42



*** The Trustees discharge their liability to provide pensions for retired members by purchasing immediate annuity policies on behalf of individual members.

INVESTMENT

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

The Trust's investment objectives are set out in detail in the 'Statement of Investment Principles', a copy of which is available by writing to the Group Reward and Benefits Department at the address given on page 60.

Members receive an annual Benefit Statement showing how their funds are building up.
The Trust does not hold shares directly in Kingfisher plc.

THE WITH-PROFITS FUND

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

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

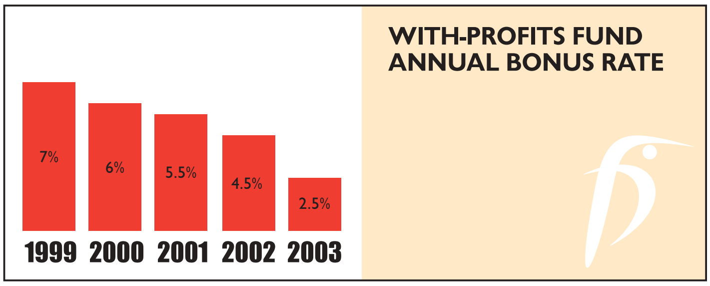
When shares and property do well, the bonus will be lower than the increase in the value of the fund, because some of the bonus is held back and put in reserve. In other years, when shares and property may perform poorly, the bonus may be more than the fund has actually earned because this reserve is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

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

As a result of continued stock market falls in 2002, Eagle Star increased the Fund's holding in fixed interest securities to provide a more predictable return than that available from equities. In December 2002, Eagle Star announced that it would no longer be marketing its With Profit Fund as an investment option for new schemes. Following from this, the membership profile of the Fund is expected to mature over time, and Eagle Star has announced that it will continue to reduce the Fund's exposure to equities both in the short and longer terms in order to achieve a better balance of investment return and protect guarantees.

The Trustees will continue to monitor both the fund's performance and asset allocation to assess its continued appropriateness.

The bonus rate declared by Eagle Star has been reduced over the year to reflect market conditions. From April 2002 the annual bonus rate was 4.5%. From April 2003, the annual bonus rate has been set at 2.5%.



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

For the year just passed, Eagle Star was remunerated by an annual management charge of approximately 1% of the value of the Fund at the year end. From this latter amount, a fee was paid to the Trust for administration.

INVESTMENT

UNIT-LINKED FUNDS

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

The unit-linked funds currently available are:

NO RISK FUND

Money Pension Fund

LOWER RISK FUNDS

Long Dated Gilt Pension Fund
Managed Pension Fund

MEDIUM RISK FUNDS

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

HIGHER RISK FUND

Adventurous Pension Fund

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

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

SOCIALLY RESPONSIBLE INVESTMENT

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

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

INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Kingfisher Retirement Trust.

We have audited the accounts on pages 54 to 58.

This report is made solely to the trustee directors, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work and our work on contributions has been undertaken so that we might state to the trustee directors those matters we are required to state to them in such an auditor's 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 directors as a body, for our audit work, our work on contributions, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described on page 53, the scheme's trustees are responsible for obtaining audited accounts which comply with applicable United Kingdom law and Accounting Standards. They are also responsible for making available, commonly in the form of a trustees' report, certain other information about the scheme which complies with applicable United Kingdom law. Further, as described on page 53, they are responsible for ensuring that a payment schedule of contributions payable to the scheme is prepared and maintained and for procuring that contributions are made to the scheme in accordance with that schedule. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

We read the trustees' report and other information accompanying the accounts and consider whether it is consistent with those accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

BASES OF OPINIONS

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

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

OPINIONS

Opinion on the accounts

In our opinion the accounts show a true and fair view of the financial transactions of the scheme during the scheme year ended 5 April 2003 and of the amount and disposition at that date of the assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year) and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Auditor's Statement about Contributions

In our opinion, contributions for the scheme year ended 5 April 2003 have been paid in accordance with the payment schedules effective 6 April 2002.

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

26 June 2003

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- show a true and fair view of the financial transactions of the Trust during the Trust year, and of the amount and disposition at the end of the Trust year of the assets and liabilities, other than liabilities to pay pensions and benefits after the year; and

- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

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

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

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

FINANCIAL STATEMENT for the period ended 5 April 2003

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Net assets at the beginning of the year			70,827		61,833
Contributions & Benefits					
Contributions	3	5,849		6,141	
Transfer values	4	21		104	
Age-related rebates		1,631		1,252	
Bank interest		32		63	
		7,533		7,560	
Benefits payable	5	(197)		(128)	
Leavers - transfers-out	6	(3,330)		(1,686)	
Administrative expenses	7	(400)		(327)	
Release of deferred income to meet expenses		400		310	
		(3,527)		(1,831)	
Net additions from dealings with members		4,006		5,729	
Returns on Investments					
Change in market value of investments	2	2,928		3,265	
Net increase in fund during the year			6,934		8,994
Net assets at the end of the year			77,761		70,827
Assets designated to members					
Managed funds	2	77,517		70,637	
Bank accounts		161		246	
Creditors	9	(29)		(148)	
		77,649		70,735	
Assets not designated to members					
Debtors	8	2		10	
Bank Accounts		610		907	
Creditors	9	(500)		(825)	
		112		92	
Net Assets of the Trust at the end of the year			77,761		70,827

The Notes on pages 55 to 58 form part of this Financial Statement.

R.E. Jones

J.C. Woodward

For Kingfisher Pension Trustee Limited

26 June 2003

NOTES TO THE FINANCIAL STATEMENT

1. Accounting Policies

This Financial Statement has been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes, except in relation to 1(d) below. The SORP recommends unit funds are valued at mid-price. The Trustees have valued unit funds at bid price because this more fairly reflects the value available to members on realization of units in the normal course of events.

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

The following accounting policies have been applied:

a) Employee contributions are accrued from the date of deduction from payroll, and employer contributions are accrued for in accordance with the Payment Schedule. Age-related rebates are accounted for on a cash basis.

b) Benefits are accounted for on an accruals basis, except where the member has a choice of benefits, in which case a cash basis is used.

c) Individual transfer values to or from other schemes are accounted for on a cash basis. Group transfers are accounted for on a cash basis except where the Trustee Board has agreed to accept the liability in advance of the funds, in which case the transfer is accrued in accordance with the terms of the agreement.

d) Investments with Eagle Star are valued at the bid price advised by Eagle Star at the date nearest to 5 April 2003.

e) Deposit interest has been accounted for on an accruals basis.

f) Administration expenses are accounted for on the accruals basis.

NOTES TO THE FINANCIAL STATEMENT

2. Investments

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

	Assets designated to members	Trustee Unallocated Account	Total
	£'000	£'000	£'000
Market value at 6 April 2002	70,638	-	70,637
Purchases at cost	7,335	-	7,335
Surrenders from member accounts	(3,385)	-	(3,383)
Change in market value of investments	2,929	-	2,928
Market value at 5 April 2003	77,517	-	77,517

Included in the above amounts are AVCs as follows:

AVCs receivable during the year amount to £14,000 (2002: £41,000). The total AVC fund value is £103,000 (2002: £111,000).

3. Contributions

2003	Members	Company	Total
	£'000	£'000	£'000
B&Q	1,844	2,386	4,230
Comet	708	858	1,566
Others	26	27	53
Total Contributions	2,578	3,271	5,849

2002	Members	Company	Total
	£'000	£'000	£'000
B&Q	1,498	1,652	3,150
Comet	632	642	1,274
Superdrug	188	211	399
Woolworths	433	591	1,024
Others	123	171	294
Total Contributions	2,874	3,267	6,141

NOTES TO THE FINANCIAL STATEMENT

4. Transfer Values

	2003 £'000	2002 £'000
Individual transfers-in from other schemes	21	104
Total	21	104

5. Benefits Payable

	2003 £'000	2002 £'000
Lump sums on retirement	123	74
Lump sums on death	57	36
Purchase of annuities to match preserved benefits	17	18
Total	197	128

6. Leavers – Transfers-out

	2003 £'000	2002 £'000
Group transfers out	2,919	0
Individual transfers-out	411	1,686
Total	3,330	1,686

7. Administrative Expenses

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

	2003 £'000	2002 £'000
Staff costs	189	132
Rent, rates and service charges	56	43
Professional fees	23	10
Communications and printing	49	67
General	56	47
Computing	27	28
Total	400	327

NOTES TO THE FINANCIAL STATEMENT

8. Debtors

	2003 £'000	2002 £'000
Not designated to members		
VAT	2	10
Total	2	10

9. Creditors

	2003 £'000	2002 £'000
Designated to members		
Payments due to members	1	20
Monies due to Operating Companies	28	128
Total	29	148
Not designated to members		
Deferred income*	369	769
Tax payable	16	7
Inter-company expenses due to:		
Kingfisher Pension Scheme	88	15
Kingfisher plc	3	4
Expenses	24	30
Total	500	825

* This item represents monies received from Eagle Star. The Trustees have decided to apply this to cover future years' expenses which would otherwise be deducted from members' accounts. During the year £400,000 of deferred income was taken into the Revenue Account.

10. Related Parties

Kingfisher plc pays some administration expenses on behalf of the Trust, which amounted to £56,000 in the year ending 5 April 2003 (2002: £57,000), and subsequently recharges these to the Trust. The balance owing to Kingfisher plc at year end was £3,000.

Kingfisher Pension Scheme pays some expenses on behalf of Kingfisher Retirement Trust, which amounted to £196,000 in the year ending 5 April 2003 (2002: £133,000), and recharges these to the Trust. The balance owing to Kingfisher Pension Scheme at year end was £88,000.

Transfer values of £212,000 (2002: £474,000) were paid to the Kingfisher Pension Scheme from the Trust.

ADVISERS AND INVESTMENT MANAGER

Actuaries
Watson Wyatt LLP*

Auditors
KPMG LLP**

Bankers
Barclays Bank PLC

Investment Manager
Eagle Star Life Assurance Company Limited

Solicitors
Mayer Brown Rowe & Maw LLP***

* Watson Wyatt, has transferred its business to a limited liability partnership, Watson Wyatt LLP, incorporated under the Limited Liability Partnerships Act 2000.

** The Scheme auditor, KPMG, has transferred its business to a limited liability partnership, KPMG LLP, incorporated under the Limited Liability Partnerships Act 2000. To comply with the formal requirements of the Pensions Act 1995, KPMG has resigned and the Trustees have appointed KPMG LLP with effect from 6 November 2002

*** Mayer Brown Rowe & Maw transferred its business to a limited liability partnership, Mayer Brown Rowe & Maw LLP, incorporated under the Limited Liability Partnerships Act 2000 with effect from 30 November 2002

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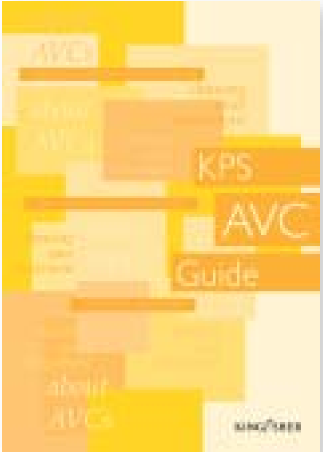

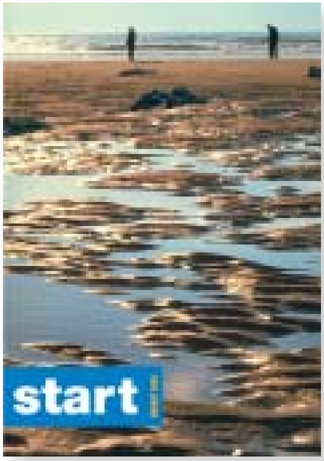

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