



**Lancaster Pension Scheme**  
**Registration number: 12002975**  
**Report and Accounts**  
**For the period 12 May 2010**  
**to 31 May 2011**



## Lancaster Pension Scheme

### Contents

	<b>Page</b>
<b>Principal Employer and Advisers to the Scheme</b>	<b>3</b>
<b>Trustees' Report</b>	<b>6</b>
<b>Statement of Trustees' Responsibilities</b>	<b>11</b>
<b>Independent Auditors' Report</b>	<b>12</b>
<b>Accounts</b>	<b>14</b>
<b>Notes to the Accounts</b>	<b>16</b>
<b>Summary of Contributions</b>	<b>21</b>
<b>Independent Auditors' Statement about Contributions</b>	<b>22</b>
<b>Compliance Statement</b>	<b>23</b>



**Lancaster Pension Scheme**  
**Principal Employer and Advisers to the Scheme**

**Trustees**

Athena Pension Services Limited "the original trustees"  
Whitby Court  
Abbey Road  
Shepley  
West Yorkshire, HD8 8ER

Dalriada Trustees Limited (appointed: 31 May 2011)  
Chamber of Commerce House  
22 Great Victoria Street  
Belfast  
BT2 7BA

**Participating Employer**

Lancaster TC Limited

**Administrator**

Ark Business Consulting LLP  
The Continuum Moderna Business Park  
Moderna Way  
Hebden Bridge  
West Yorkshire, HX7 5QQ

Dalriada Trustees Limited (appointed: 31 May 2011)  
Chamber of Commerce House  
22 Great Victoria Street  
Belfast  
BT2 7BA



**Lancaster Pension Scheme**  
**Principal Employer and Advisers to the Scheme**

**Auditor**

RSM McClure Watters (appointed: 10 June 2011)  
Number One  
Lanyon Quay  
Belfast  
BT1 3LG

**Legal Adviser**

Pinsent Masons LLP (appointed: 31 May 2011)  
(previously McGrigors LLP before the merger with Pinsent Masons LLP on 1 May 2012)  
5 Old Bailey  
London  
EC4M 7BA

**Investment adviser**

Rom Capital Asset Management Limited (appointed: 1 April 2011)  
Level 35  
25 Canada Square  
Canary Wharf  
London, E14 5LQ

Entrepreneurs Capital Holdings Limited (appointed: 17 May 2011)  
116 Gloucester Place  
London  
W1U 6HZ



**Lancaster Pension Scheme**  
**Principal Employer and Advisers to the Scheme**

**Direct Investments**

Air Parade Limited (made: 9 November 2010, cashed: 6 May 2011)

Parade House  
21 Belmont Street  
Huddersfield  
HD1 5BZ

South Horizon Trading Limited (made: 18 November 2010)

68 Stratigou Timayia  
Larnaca  
Cyprus

Freedom Bay Resort (made: 7 April 2011)

Malgretoute Hotel Development Company Limited  
18 Micoud Street  
Castries  
St. Lucia, West Indies

Red Residences Beroun (made: 1 April 2011)

The Curve Beroun  
Senovazne Square 870/27  
Prague 1 11000

Whitton Investments Business Account (made: 1 April 2011)

Leytonstone House  
3 Hanbury Drive  
Leytonstone  
London, E11 1GA

**Bankers**

Barclay Bank PLC (opened: 25 August 2010)

17 Market Place  
Huddersfield  
HD1 2AA



## Lancaster Pension Scheme Trustees' Report

### Introduction

The Trustees of the Lancaster Pension Scheme ("the Scheme") present this report together with the audited accounts for the period ended 31 May 2011. The Scheme is a defined contribution scheme.

The Scheme was established on 12 May 2010, and is currently governed by the trust deed and rules dated 12 May 2010, as subsequently amended by any supplemental deeds. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. The Scheme is contracted-out of the State Second Pension (previously known as the State Earnings-Related Pension Scheme) under a certificate issued by the Secretary of State for Social Security.

The Compliance Statement set out on page 23 forms part of this report.

### Management of the Scheme

In accordance with the provisions of the Pensions Act 1995 as amended, the Pensions Regulator has the power to appoint an independent trustee. Dalriada Trustees Limited was so appointed, with exclusive powers, on 31 May 2011 under section 7 of the Pensions Act 1995, and may only be removed by the Pensions Regulator.

The Trustees are:

Athena Pension Services Limited	(Appointed: 12 May 2010).
Dalriada Trustees Limited	(Appointed: 31 May 2011).

The director of Athena Pension Services Limited is Andrew Christopher Hields.

The directors of Dalriada Trustees Limited are Brian David Spence, Constance Margaret Johnstone and Claire Jane McGruer. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

The Scheme is exempt from the requirement to appoint Member-nominated Trustees under the Occupational Pension Scheme (Member-nominated Trustees and Directors) Regulations 2006 as the sole Trustee is an independent corporate trustee.

Dalriada Trustees Limited is unaware of any Trustee meetings held during the period.

Dalriada Trustees Limited have appointed external specialists to advise on legal and accounting matters.

### Internal Dispute Resolution Procedure (IDRP)

It is a requirement of the Pensions Act 1995 that all occupational pension schemes must have a dispute resolution procedure in place for dealing with any disputes between the Trustees and the Scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustees, details of which can be obtained by writing to Dalriada Trustees Limited, Chamber of Commerce House, 22 Great Victoria Street, Belfast, BT2 7BA.



## Lancaster Pension Scheme

### Trustees' Report

#### Financial Development of the Scheme

The accounts of the Scheme for the period ended 31 May 2011 are set out on pages 14 to 20; the Trustees' summary of contributions and the auditors' statement about contributions are set out on pages 21 and 22. The accounts have been prepared and audited in accordance with the regulations made under section 41(1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £nil at 11 May 2010 to £3,318,277 at 31 May 2011.

#### Transfers at less than Cash Equivalent

No Cash Equivalent transfer values were paid during the period.

#### Membership

As at 31 May 2011, 92 members were entitled to benefits from the Scheme.

Changes to the membership of the Scheme during the period are set out in the following table.

	Active	Deferred	Pensioner
Membership at 12/05/2010	-	-	-
Transfers In	-	92	-
<b>Membership at 31/05/2011</b>	<b>-</b>	<b>92</b>	<b>-</b>

#### Governance and Risk Management

Following their appointment, Dalriada Trustees identified a number of concerns surrounding the Scheme investments and the administration of the Scheme.

Under the wrapper of 'Maximising Pension Value Arrangements' (MPVAs), the previous trustees effected a number of unsecured loans to members of other pension schemes. Dalriada Trustees asked the court to provide direction regarding the status of the MPVA loans. As a result of the Court decision received on 16 December 2011, which was that the MPVA loans were unauthorised member payments, as defined by s.160(2) of the Finance Act 2004. As a result of this, the court held that the MPVA loans were not validly made.

Dalriada Trustees have not made any further MPVA payments from the date of their appointment.

Investments were made in various property related investments with no evidence of an investment adviser being appointed and appropriate investment advice being sought or received.

No agreements appeared to be in place with Ark Business Consulting, the company previously employed to provide administration services. Dalriada Trustees had concerns about the administration records handed over and has subsequently set about creating a more robust administration database. Similarly, no proper accounting records appeared to have been kept and Dalriada Trustees has set about creating appropriate accounting information which underpins the accounts appended to this Report and which has been independently audited.



## Lancaster Pension Scheme

### Trustees' Report

Dalriada Trustees are of the opinion that the front end administration charges taken by the previous administrators were not appropriate and have commenced separate legal proceedings in an attempt to recover at least a proportion of those monies. It is not clear at this stage the amount, if any, of money likely to be recovered as a result of this action.

As the legal proceedings progress, Dalriada Trustees will continue to develop its business plan which will set out its objectives in areas such as administration, investment, funding and communication. Alongside the business plan, a risk register will be put in place, setting out the key risks to which the Scheme is subject and the controls in place to mitigate these.

#### **Trustee knowledge and understanding**

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and has been updated with effect from November 2009. As a professional trustee, Dalriada Trustees Limited, maintains an ongoing training programme for all of its staff.

#### **Further information**

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries.

If members have any complaints or queries regarding the Scheme, or wish to obtain further information, they should contact Dalriada Trustees Limited.

The Data Protection Act 1984 covered information which was held electronically, i.e. computer based information. The Data Protection Act 1998 extends data protection laws to cover paper-based records held for individuals and new restrictions on the processing of sensitive personal data to which individuals must have given express consent. Sensitive information can include information on, for example, the health of a member.

Members' personal data will be used by the Scheme's advisers to administer the Scheme, and may be passed to other professional providers or advisers.

The Trustees and the Scheme's advisers each have a legal obligation and a legitimate interest to process data relating to members for the purposes of administering and operating the Scheme, which includes passing on data to third parties, as mentioned above.

The Trustees are regarded as 'Data Controllers' for the purposes of the Data Protection Act 1998, in relation to the process referred to above. The advisers appointed by the Trustees are 'Data Processors'.

#### **Investment report**

As commented earlier in this Report, the original trustees invested in various property related investments.

Further, there has been some resistance to the provision of information surrounding these investments by both the original trustees and the previous administrators (Ark Business Consulting), notably the lack of any appropriate investment advice being sought or received.





## Lancaster Pension Scheme

### Trustees' Report

There are concerns that the original trustees and the previous administrators failed to comply with the appropriate investment Regulations and did not properly carry out their fiduciary duties as required under general trust law. These concerns are, at least in part, being addressed as part of the ongoing legal proceedings.

Dalriada Trustees has undergone its own research into the various property investments and these are summarised below:

#### **Entrepreneurs Capital Holdings**

Dalriada Trustees has still to properly establish the nature and, more importantly, the present value of the monies invested with Entrepreneurs Capital Holdings.

#### **Freedom Bay**

Dalriada Trustees has established that the investment in Freedom Bay amounts to an entitlement to a number of fractional ownership certificates in a villa development (effectively a time share). Construction of the development has not yet started and is not due to be completed before December 2013. The investment has no immediate realisable value.

#### **South Horizon Trading Limited (Cyprus)**

Dalriada has established that the investment in Cyprus amounts to the option to buy the shares in a company that owns a plot of land near Larnaca. The land has planning permission to build some apartments but, again, no building work has commenced.

Before it will transfer the shares, the company that purportedly owns them is currently demanding further monies 'owed' under the agreement purportedly entered into by the original trustees. This is in addition to monies already paid over by the original trustees.

In addition, the trustees would be expected to fund the subsequent development costs therefore requiring potential further significant expenditure.

On the basis of the information currently available it seems unlikely that the land is worth the sum the original trustees agreed to pay for the company which owns it.

#### **Rom Capital Asset Management Limited (HYPER)**

The HYPER investments amount to an investment in a property unit trust. Dalriada Trustees has been told units will be listed and, in theory, tradable on the Channel Island stock exchange. Currently, this has yet to happen. Little or no return is anticipated from these investments for the first five years of the term of investment.

#### **Custodial arrangements**

Again, further to the resistance of information surrounding these investments by the Investment Managers, no custodial arrangements have been obtained.

#### **Investment principles**

The Trustees of the Scheme are exempt from the requirement to produce a Statement of Investment Principles as the Scheme has less than 100 members.



## Lancaster Pension Scheme Trustees' Report

### **Employer related investments**

There were no employer related investments at any time during the period within the meaning of section 40(2) of the Pensions Act 1995.

The Scheme's investments comply with the restrictions prescribed by regulations made under section 40 of the Pensions Act 1995.



Lancaster Pension Scheme

Trustees' Report

Statement of Trustees' Responsibilities

The Scheme's Trustees are responsible for obtaining audited accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for making available certain other information about the Scheme in the form of an Annual Report.

The accounts are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited accounts for each Scheme period which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme period and of the amount and disposition at the end of that period of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme period, 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' (revised May 2007).

The Trustees prepared the accounts, and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

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

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited..... [Signature]

For Dalriada Trustees Limited..... [Signature]

Date..... 16.5.2012



## Lancaster Pension Scheme

### Independent Auditors' report to the Trustees

We have audited the accounts of the Lancaster Pension Scheme for the period ended 31 May 2011 which comprise the fund account, the net assets statement and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Trustees, as a body in accordance with section 47 of the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and Auditors**

As described in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for obtaining an annual report, including audited accounts prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the accounts show a true and fair view and contain the information specified in the schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a statement from the Auditor) Regulations 1996 made under the Pension Act 1995. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises the Trustees' Report and investment report.

#### **Basis for Disclaimer of Opinion**

We were appointed as auditors on 10 June 2011 following the appointment of Dalriada Trustees Limited on 31 May 2011 under Section 7 of the Pensions Act 1995. Following their appointment Dalriada Trustees identified a number of concerns surrounding the Scheme Investments and the administration of the Scheme. These are detailed in their Trustees' Report for the period 12 May 2010 to 31 May 2011.

#### **Investments**

Investments have been made in various investment schemes which are set out in the Trustees report which states the following:

- There is no evidence of an investment adviser being appointed nor is there evidence of appropriate investment advice being sought or received.
- They are concerned that the original trustees and administrators failed to comply with the appropriate Investment Regulations and did not properly carry out their fiduciary duties as required under general trust law. These concerns are being addressed as part of ongoing legal proceedings.



**Lancaster Pension Scheme**  
**Independent Auditors' report to the Trustees**

- Whilst the original trustees invested in various investments, including property related schemes, Dalriada Trustees is still unclear as to the precise nature of some of the investments.
- No custodial arrangements have been obtained to date from the Investment Managers.

Where information is available, Dalriada Trustees are of the opinion that:

- the investments are illiquid; and
- the investments have no immediate realisable value.

Accordingly Dalriada Trustees state that the only reasonable and prudent approach on their part is to value the investments at £Nil.

As a result of these matters we were unable to confirm or verify the nature or appropriate values of the Investments held by the Scheme.

### **Sundry Debtors/MPVA's**

The previous trustees effected a number of unsecured loans to members of other pension schemes under the wrapper of 'Maximising Pension Value Arrangements' (MPVAs).

Subsequent to their appointment Dalriada Trustees did not make any further MPVA payments and sought directions from the Court regarding the status of the amounts already paid. On 16 December 2011 the Court ruled that MPVA loans were unauthorised member payments, as defined by s.160(2) of the Finance Act 2004, and as a result the Court held that the MPVA loans were not validly made.

The Trustees have included in Sundry Debtors an amount of £2,747,745 being the money paid out under these arrangements and now to be recovered from the recipients' as unauthorised payments.

We were able to confirm the amounts paid out to individuals under the above arrangements. However we were unable to establish the recoverability of these amounts.

### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion Paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

*RSM McClure Watters*

RSM McClure Watters  
Chartered Accountants and Registered Auditor  
Number One  
Lanyon Quay  
Belfast  
BT1 3LG

Date: *16<sup>th</sup> May 2012*

Private and Confidential



Lancaster Pension Scheme  
Accounts

<b>Fund Account</b>		<b>12/05/2010</b> to <b>31/05/2011</b> <b>£</b>
	Note	
<b>Contributions and Benefits</b>		
Transfers in	3	5,508,110
Other income	4	<u>45,500</u>
		<u>5,553,610</u>
Other payments	5	(45,500)
Administrative expenses	6	<u>(304,834)</u>
		<u>(350,334)</u>
<b>Net additions from dealings with members</b>		<u>5,203,276</u>
<b>Returns on investments</b>		
Change in market value of investments	7	<u>(1,884,999)</u>
<b>Net returns on investments</b>		<u>(1,884,999)</u>
<b>Net increase in fund for the period</b>		3,318,277
<b>Net assets at 11 May 2010</b>		-
<b>Net assets at 31 May 2011</b>		<u><u>3,318,277</u></u>

The notes on pages 16 to 20 form an integral part of these accounts.



**Lancaster Pension Scheme  
Accounts**

**Net Assets Statement**

	Note	31/05/2011 £
Current assets	8	3,363,777
Current liabilities	9	(45,500)
<b>Net assets at 31 May 2011</b>		<u><u>3,318,277</u></u>

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme period.

The notes on pages 16 to 20 form an integral part of these accounts.

These accounts were approved by the Trustees and authorised for issue on..... *16.5.2012.*

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited..... *B. Spence* .....

For Dalriada Trustees Limited..... *[Signature]* .....



## Lancaster Pension Scheme

### Notes to the Accounts

#### 1. Basis of preparation

The accounts have 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 (revised May 2007), published by the Pensions Research Accountants Group.

#### 2. Accounting policies

##### Investment Income

To the point of Dalriada Trustees appointment the bank accounts were not interest bearing. Interest on bank deposits is now payable and will be accounted for as it accrues.

##### Transfers

Individual transfers to the Scheme during the period are included in the accounts on the basis of when the member liability is accepted.

There were no transfers out during the period.

##### Benefits

Benefits payable will be included in the accounts on an accruals basis when the member notifies the Trustees as to the type or amount of benefit to be taken, or where there is no choice, on the date of retirement or leaving. Currently the Trustees are not able to identify benefits payable.

##### Administrative expenses

Administrative expenses are accounted for on an accruals basis.

##### Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Gains and losses on foreign currency investment and cash balances are shown in aggregate within the change in market value of investments to which they relate in the Fund Account.

##### Investment Assets

Dalriada Trustees is still unclear as to the precise nature of some of the property investments and, where more information is available, it is evident that these investments are illiquid and have no immediate realisable value. As such, at this stage, the only reasonable and prudent approach Dalriada Trustees can take in valuing these property investments is to assume that they have no value.





**Lancaster Pension Scheme**  
**Notes to the Accounts**

<b>3. Transfers In</b>	<b>12/05/2010</b>
	<b>to</b>
	<b>31/05/2011</b>
	<b>£</b>
Individual transfers in from other schemes	5,508,110
	<u>5,508,110</u>
<b>4. Other Income</b>	<b>12/05/2010</b>
	<b>to</b>
	<b>31/05/2011</b>
	<b>£</b>
Unallocated transfers received	45,500
	<u>45,500</u>
<b>5. Other payments</b>	<b>12/05/2010</b>
	<b>to</b>
	<b>31/05/2011</b>
	<b>£</b>
Sundry creditors	45,500
	<u>45,500</u>

Sundry creditors are in connection to the unallocated funds received into the Scheme.



**Lancaster Pension Scheme**  
**Notes to the Accounts**

<b>6. Administrative expenses</b>	12/05/2010 to 31/05/2011 £
Administration fees	302,289
Bank Charges	2,545
	<u>304,834</u>

Administration fees are in relation to the standard 5% deducted from funds received.

Dalriada Trustees are of the opinion that these front end administration charges taken by the previous administrators were not appropriate and have commenced separate legal proceedings in attempt to recover at least a proportion of those monies. It is not clear at this stage the amount, if any, of money likely to be recovered as a result of this action. As such, Dalriada Trustees has made no provision for any recovery.

The previous administrators have lodged a counter claim for administration charges outstanding. In Dalriada Trustees' opinion, this counter claim is unlikely to be successful so, similarly, Dalriada Trustees has made no provision for additional fees due to the previous administrators.

**7. Investments**

	Value at 11/05/2010 £	Purchases at cost £	Sale proceeds £	Change in market value £	Value at 31/05/2011 £
Air Parade Limited	-	250,000	(265,000)	15,000	-
South Horizon Trading Limited	-	1,150,000	-	(1,150,000)	-
Rom Capital Asset Management Ltd	-	150,000	-	(150,000)	-
Entrepreneurs Capital Holdings Ltd	-	200,000	-	(200,000)	-
Freedom Bay Resort	-	360,357	-	(360,357)	-
Red Residences Beroun	-	21,785	-	(21,785)	-
Whitton Investments Business Account	-	17,857	-	(17,857)	-
<b>Investments Total</b>	<b>-</b>	<b>2,149,999</b>	<b>(265,000)</b>	<b>(1,884,999)</b>	<b>-</b>

To the extent the approach taken by Dalriada Trustees is to value the various property investments at nil (see page 16), this 100% loss relative to the monies invested is reflected in the 'Change in market value' figures.



## Lancaster Pension Scheme

### Notes to the Accounts

#### 8. Current assets

	<b>31/05/2011</b>
	<b>£</b>
Sundry debtors	2,747,745
Cash balances	616,032
	<u>3,363,777</u>

#### MPVA's

	Purchases	Sale	Change in	
Value at	at cost	proceeds	market	Value at
11/05/2010			value	31/05/2011
£	£	£	£	£
MPVA's	2,747,745	-	-	2,747,745
<b>MPVA's Total</b>	<u>2,747,745</u>	<u>-</u>	<u>-</u>	<u>2,747,745</u>

The previous trustees effected a number of unsecured loans to members of other pension schemes under the wrapper of 'Maximising Pension Value Arrangements' (MPVAs).

Subsequent to their appointment Dalriada Trustees did not make any further MPVA payments and sought directions from the Court regarding the status of the amounts already paid. On 16 December 2011 the Court ruled that MPVA loans were unauthorised member payments, as defined by s.160(2) of the Finance Act 2004, and as a result the Court held that the MPVA loans were not validly made.

The Trustees have included in Sundry Debtors an amount of £2,747,745 being the money paid out under these arrangements and now to be recovered from the recipients' as unauthorised payments.

We were able to confirm the amounts paid out to individuals under the above arrangements. However we were unable to establish the recoverability of these amounts.

#### 9. Current liabilities

	<b>31/05/2011</b>
	<b>£</b>
Sundry creditors	(45,500)
	<u>(45,500)</u>

Sundry creditors are in connection to the unallocated funds received into the Scheme.

#### 10. Related Party Transactions

There have been no Related Party Transactions made directly from the Scheme.



### 11. Contingent Liabilities

At the date of signing the accounts, South Horizon Trading Limited are still demanding further monies 'owed' under the agreement purportedly entered into by the original trustees.

The previous administrators have lodged a counter claim for administration charges outstanding. In Dalriada Trustees' opinion, this counter claim is unlikely to be successful.

### 12. Subsequent Events

Since its appointment, Dalriada Trustees has taken the decision to:

Cease to accept new members and/or any further payments into the Scheme, except by way of telegraphic transfers in or additional employee or employer contributions.

To appoint Legal Advisers, Pinsent Masons LLP (previously McGrigors LLP before the merger with Pinsent Masons LLP on 1 May 2012).

Subsequent to their appointment Dalriada Trustees did not make any further MPVA payments and sought directions from the Court regarding the status of the amounts already paid. On 16 December 2011 the Court ruled that MPVA loans were unauthorised member payments, as defined by s.160(2) of the Finance Act 2004, and as a result the Court held that the MPVA loans were not validly made.

To commence separate legal proceedings against the previous administrators with regard to the level of administration charges taken.

To appoint a Scheme Auditor, RSM McClure Watters.

To create proper financial records and prepare Scheme accounts for audit.

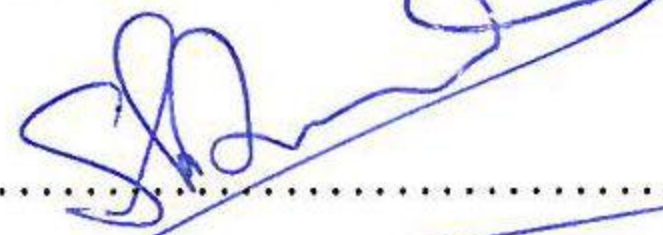


**Lancaster Pension Scheme**  
**Summary of Contributions**

During the period ended 31 May 2011 no contributions were paid or due to the Scheme.

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited..... 

For Dalriada Trustees Limited..... 

Date..... 16.5.2012.....



**Independent Auditors' Statement about Contributions, under Regulation 4 of the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the Lancaster Pension Scheme**

We have examined the summary of contributions to the Lancaster Pension Scheme for the Scheme period ended 31 May 2011 to which this statement is attached.

**Respective responsibilities of Trustees and Auditors**

As described in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised payment schedule which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees have a general responsibility for procuring that contributions are made to the Scheme in accordance with the payment schedule.

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

**Basis of statement about contributions**

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

**Statement about contributions**

In our opinion contributions for the Scheme period ended 31 May 2011 as reported in the attached summary of contributions have in all material respects been paid at least in accordance with the payment schedule.

*RSM McClure Watters*

RSM McClure Watters  
Chartered Accountants and Registered Auditor  
Number One  
Lanyon Quay  
Belfast  
BT1 3LG

Date: *16<sup>th</sup> May 2012*



## Lancaster Pension Scheme Compliance Statement

### **Changes in and other matters relating to the Scheme advisers**

Dalriada Trustees were appointed by the Pensions Regulator on 31st May 2011, with exclusive powers and Pinsent Mason LLP (previously McGrigors LLP before the merger with Pinsent Mason LLP on 1 May 2012) were appointed as Legal Advisers to the Scheme. After the period end RSM McClure Watters were appointed as Scheme Auditors.

### **Changes to the Scheme constitution, rules or basic information**

Since their appointment Dalriada Trustees has taken the decision to cease to accept new members and/or any further payments into the Scheme, except by way of telegraphic transfers in or additional employee or employer contributions.

Further, Dalriada Trustees have decided not to make further MPVA payments, irrespective of any Agreement that may have been entered into by the member and the original trustees.

### **Tax status of the Scheme**

The Scheme is a registered pension scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation. The Trustees know of no reason why the registration should be prejudiced or withdrawn.

### **Pension increases**

No pensions were paid during the period.

### **Calculation of transfer values**

No transfer values were paid during the period.

### **Pension Tracing Service**

The Pension Tracing Service provides a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

Pension Tracing Service  
The Pension Service  
Whitley Road  
Newcastle Upon Tyne  
NE98 1BA  
Telephone: 0845 600 2537  
Website: [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)



## Lancaster Pension Scheme Compliance Statement

### **The Pensions Advisory Service**

If members or their dependants have problems concerning pension rights or are not satisfied by the information or explanation given by the Trustees or the administrators, they can consult the Pensions Advisory Service (TPAS) at any time. Normally they should try to contact a local TPAS adviser through their nearest Citizens Advice Bureau. Alternatively, they can write to TPAS at:

11 Belgrave Road  
London  
SW1V 1RB  
Telephone: 0845 601 2923  
Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)  
E-mail: [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)

### **Pensions Ombudsman**

In cases where a complaint or dispute cannot be resolved under the IDRPs, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension scheme. The address is:

11 Belgrave Road  
London  
SW1V 1RB  
Telephone: 0207 630 2200  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)  
E-mail: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

### **The Pensions Regulator**

The statutory body that regulates occupational pension schemes is the Pensions Regulator (tPR). TPR can be contacted at:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton BN1 4DW  
Telephone: 0845 600 0707  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)  
E-mail: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)