



Tallton Place Pension Scheme
Registration number: 12003828
Net Assets Statement
For the period 26 January 2011
to 31 May 2011



Tallton Place Pension Scheme

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Tallton Place Pension Scheme Trustees' Report

Introduction

The Trustees of the Tallton Place Pension Scheme ("the Scheme") present its report together with the audited accounts for the period ended 31 May 2011. The net asset statement has been drawn up at the date of appointment of Dalriada Trustees Limited to reflect the value of the Scheme assets at this date.

The Scheme was established on 26 January 2011, and is currently governed by the trust deed and rules dated 26 January 2011, 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.

Membership

As at 31 May 2011, 84 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 26/01/2011	-	-	-
Transfers In	-	84	-
Membership at 31/05/2011	-	84	-

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.



Tallton Place 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 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.

Investment report

As commented earlier in this Report, the original trustees invested in a 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.

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.

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, 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 Holdings Limited (HYPER)

The HYPER investments amount to 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.



Tallton Place Pension Scheme Trustees' Report

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.



Tallton Place Pension Scheme
Statement of Trustee's 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:

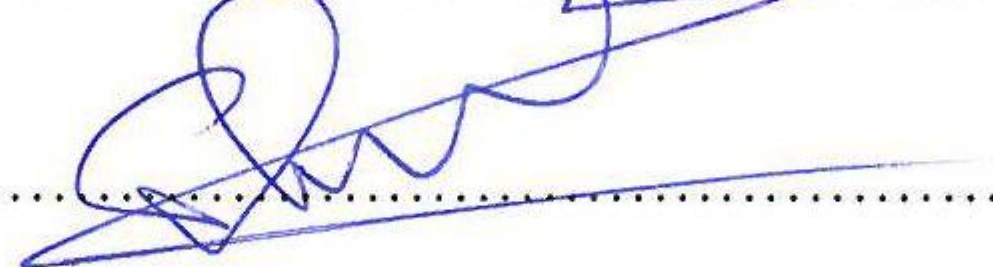
- show a true and fair view of the financial transactions of the Scheme during the Scheme period and of the amount and disposition at the end of that period of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme period, and
- contain the information 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 have 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..... 

For Dalriada Trustees Limited..... 

Date..... 16.5.2012



Tallton Place Pension Scheme
Independent Auditors' report to the Trustee

We have audited the accounts of the Tallton Place 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 the 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 26 January 2011 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.



Tallton Place Pension Scheme
Independent Auditors' report to the Trustee

- 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 £1,622,685 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: *16th May 2012*

Private and Confidential



**Tallton Place Pension Scheme
Accounts**

Fund Account		26/01/2011 to 31/05/2011 £
	Note	
Contributions and Benefits		
Transfers in	3	<u>4,575,669</u> <u>4,575,669</u>
Administrative expenses	4	<u>(222,007)</u> <u>(222,007)</u>
Net additions from dealings with members		<u>4,353,662</u>
Returns on investments		
Change in market value of investments	5	<u>(1,465,000)</u>
Net returns on investments		<u>(1,465,000)</u>
Net increase in fund for the period		2,888,662
Net assets at 25 January 2011		-
Net assets at 31 May 2011		<u><u>2,888,662</u></u>

The notes on pages 11 to 14 form an integral part of these accounts.



Tallton Place Pension Scheme
Accounts

Net Assets Statement

	Note	31/05/2011 £
Current assets	6	2,888,662
Net assets at 31 May 2011		<u><u>2,888,662</u></u>

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. 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 11 to 14 form an integral part of these accounts.

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

Signed for and on behalf of the Trustee

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

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



Tallton Place Pension Scheme

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.

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.



Tallton Place Pension Scheme
Accounts

3. Transfers In	26/01/2011
	to
	31/05/2011
	£
Individual transfers in from other schemes	4,575,669
	<u>4,575,669</u>
4. Administrative expenses	26/01/2011
	to
	31/05/2011
	£
Administration fees	220,732
Bank Charges	1,275
	<u>222,007</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.

5. Investments

	Value at 25/01/2011	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2011
	£	£	£	£	£
South Horizon Trading Ltd	-	800,000	-	(800,000)	-
Rom Capital Asset Management Ltd	-	365,000	-	(365,000)	-
Entrepreneurs Capital Holdings Ltd	-	300,000	-	(300,000)	-
Investments Total	<u>-</u>	<u>1,465,000</u>	<u>-</u>	<u>(1,465,000)</u>	<u>-</u>



Tallton Place Pension Scheme

Accounts

To the extent the approach taken by Dalriada Trustees is to value the various property investments at nil (see page 11), this 100% loss relative to the monies invested is reflected in the 'Change in market value' figures.

6. Current assets

	31/05/2011
	£
Sundry debtors	1,622,685
Cash balances	1,265,977
	<u>2,888,662</u>

MPVA's

	Value at 25/01/2011	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2011
	£	£	£	£	£
MPVA's	-	1,622,685	-	-	1,622,685
MPVA's Total	-	1,622,685	-	-	1,622,685

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 £1,622,685 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.

7. Related Party Transactions

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



Tallton Place Pension Scheme

Accounts

8. 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.

9. 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 legal proceedings to establish the validity or otherwise of Maximising Pension Value Arrangements (MPVAs) and any payments associated with them.

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.