

Important Announcement to members of the following pension scheme (“the Scheme”)

TWM Pension Trust

Further to our previous announcement issued in November 2015 we are writing to you to provide an update on the developments which have occurred in relation to the Scheme.

As you will recall, Dalriada Trustees Limited (“Dalriada”) was appointed, by order of The Pensions Regulator, as independent trustee of the Scheme with exclusive powers on 13 June 2013. All trustee powers and rights are held by Dalriada. As Dalriada is an independent trustee, it has no links in any way with the original promoters of the Scheme.

Upon its appointment, Dalriada also assumed responsibility for the administration of the Scheme which means that all contact between members and the Scheme should be made via Dalriada using the contact details included within this announcement. Please bear this in mind if you are contacted, at any point, by any other party regarding the Scheme.

What is the current position of the Scheme?

As Trustee, we are obligated to attend to a number of legal and governance matters in relation to the Scheme. This includes holding trustee meetings, undertaking risk reviews and preparing annual Chairman’s statements. Copies of the annual statements can be found on the member website.

In addition, we have continued to progress the Scheme on a number of additional key areas, the most notable of which are outlined below.

Elysian Fuels No. 27 plc

As outlined previously, the Scheme paid approximately £2.7m to a company, based in Gibraltar, called Castle Trust which in turn arranged the purchase of preference shares in Elysian Fuels No. 27 plc (“Elysian Fuels”), a company based in England and Wales.

Dalriada was originally advised that Elysian Fuels was set up to construct and run a bio-ethanol plant in the North of England but this approach was later changed to the commissioning of an existing plant in Virginia USA. In November 2015 Dalriada, by way of an announcement, advised the Scheme membership that it was more likely than not that the Elysian Fuels project would not generate sufficient funds to make any return to investors. As such, the shares purchased by the Scheme were devalued to £0.

Six months later, Dalriada was informed that Elysian Fuels, alongside a number of other Elysian companies, would be wound up as a result of unpaid VAT liability. Elysian Fuels is now in liquidation and it is unclear what, if any, funds can be recovered. Dalriada continues to correspond with the liquidator in this regard.

NewGalaxy Services Limited

The Scheme previously invested £125,000 in NewGalaxy Services Limited ("NewGalaxy"), a company registered in Scotland. In return, the Scheme received 125,000 5% preference shares in NewGalaxy. Under the terms of the investment, no return shall be made to the Scheme until the end of the investment period. Dalriada continues to correspond with NewGalaxy regarding the redemption of the investment.

HMRC

As outlined in previous announcements, there are potential tax charges involved with "pension liberation".

Pension liberation occurs where individuals are encouraged to transfer their existing pensions to new schemes in the expectation of getting money from their pension fund before the minimum retirement age of 55, either by way of a loan or some other form of cash inducement, often without being given the full facts about the risks and costs involved. Payments made to members where pension liberation has been confirmed have the potential to be classed as "unauthorised payments" and as such will be subject to tax charges of 55% of the payment.

In turn, any unauthorised payments to members also generate a "Scheme Sanction Charge" which is levied against the assets of the Scheme. The Scheme Sanction Charge may be as high as 40% of the collective unauthorised payment charges (depending on the value of the unauthorised payment charges paid).

Dalriada has been informed that HMRC has recently issued tax assessments to members of the Scheme within which HMRC outlines its view that members received unauthorised payments. As such, HMRC has calculated tax owed and requested payment.

As Trustee of the Scheme, Dalriada cannot comment or attempt to intervene in any manner on the individual tax affairs of members. Should you feel the need to do so, you may wish to consider seeking independent specialist advice regarding your own individual circumstances.

Fraud Compensation Fund

In addition to the work detailed above, Dalriada and its advisors commenced discussions with the Fraud Compensation Fund ("FCF"), a fund established under the Pensions Act 2004 which may provide compensation to occupational pension schemes under certain circumstances. In order for a Scheme to make a claim under the FCF, the Scheme must have an insolvent employer and suffer loss that can be attributed to an offence involving dishonesty.

Dalriada has now submitted a claim application on behalf of the Scheme and continues to correspond with the FCF. Please note that it is currently unconfirmed what, if any, level of compensation the Scheme may be eligible to receive.

What is the latest position with regard to transfer values and member benefit calculations?

It is vital that Dalriada understands what, if any, funds will be returned from the investments made by the previous trustees. In addition, Dalriada must also understand any tax implications which the Scheme may incur as a result of any payments to members. Until these issues, alongside the matter of costs, are resolved, we are unable to calculate the value of members' benefits, including transfer values.

What should I do if I have any further questions?

Please be assured that we are devoting our full attention to this matter and that we will work closely and co-operatively, where appropriate to do so, with any relevant parties on your behalf and in the best interests of the Scheme.

We have included Frequently Asked Questions (FAQs) on our member webpage which will be updated as additional information becomes available. We will also upload all Announcements and Chairman's Statements to this page.

Member webpage: www.dalriadatrustees.co.uk/twm

As you will be aware, the costs of answering queries have to be met from the assets of the Scheme. In order to minimise these costs it would be very helpful if you could, in the first instance, check the FAQs to see if your question is answered there.

Should you, however, have any specific personal queries in relation to this Announcement, your membership of the Scheme or should you wish to provide us with further information, please contact us using the following details:

By Telephone: 028 9085 0934

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