

---

# **Portman Pension Scheme**

## **Report and Financial Statements For the year ended 31 May 2016**

Registration number: 12002976

---

# Table of Contents

Principal Employer and Advisers to the Scheme .....	3
Trustees' Report .....	5
Statement of Trustees' Responsibilities .....	10
Independent Auditor's Report .....	11
Financial Statements .....	13
Notes to the Financial Statements .....	15
Summary of Contributions .....	21
Independent Auditor's Statement about Contributions .....	22
Compliance Statement.....	23
Annual Governance Statement.....	Appendix 1

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

**Trustees**

Minerva Pension Services Limited "the original trustees"  
Scotgate House, 2 Scotgate Road  
Honley  
Holmfirth  
HD9 6GD

Dalriada Trustees Limited  
Chamber of Commerce House  
22 Great Victoria Street  
Belfast  
BT2 7BA

**Principal Employer**

Portman TC Limited  
Bank House, 129 High Street  
Needham Market  
Ipswich  
IP6 8DH

**Administrator**

Dalriada Trustees Limited  
Chamber of Commerce House  
22 Great Victoria Street  
Belfast  
BT2 7BA

**Auditor**

RSM Northern Ireland  
Number One  
Lanyon Quay  
Belfast  
BT1 3LG

**Legal Adviser**

Pinsent Masons LLP  
30 Crown Place  
London  
EC2A 4ES

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

**Investment**

Affinity Commercial LLP (Previously Rom Capital Asset Management Limited)  
Level 30  
Bank Street  
London  
E14 5NR

**Direct Investments**

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

Red Residences Beroun  
The Curve Beroun  
Senovazne Square 870/27  
Prague 1 11000

Whitton Investments Business Account  
Leytonstone House  
3 Hanbury Drive  
Leytonstone  
London, E11 1GA

**Bankers**

Barclay Bank PLC  
Imperial House  
Donegall Square East  
Belfast  
BT1 5HL

## Portman Pension Scheme Trustees' Report

### Introduction

The Trustees of the Portman Pension Scheme ("the Scheme") present their report together with the audited financial statements for the year ended 31 May 2016. 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 the same date. 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 was contracted-out of the S2P (previously known as the State Earnings-Related Pension Scheme) under certificates issued by the Secretary of State for Work and Pensions. Funds derived from contracting out payments were known as protected rights benefits. From 6 April 2012, it has not been possible to contract out of the S2P through a Defined Contribution pension scheme. All existing contracted out payments will be treated as non-protected rights benefits.

The Annual Governance Statement included as Appendix 1 and the Compliance Statement set out on page 23 forms part of this report.

### Scheme management

The Trustees are

Minerva Pension Services Limited.  
Dalriada Trustees Limited.

The director of Minerva Pension Services Limited is Craig McMillan Tweedley.

The directors of Dalriada Trustees Limited are D N Copeland, C M Johnstone, A B Kennett and B D Spence. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

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.

Dalriada Trustees 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 or by download from the members' website page <http://www.dalriadatrustees.co.uk/Ark>. Email address [mail@dalriadatrustees.co.uk](mailto:mail@dalriadatrustees.co.uk).

### Financial development of the Scheme

The financial statements of the Scheme for the year ended 31 May 2016 are set out on pages 13 to 20; the Trustees' summary of contributions and the Auditor's statement about contributions are set out on pages 21 and 22. The financial statements 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 decreased from £4,020,025 at 31 May 2015 to £3,944,297 at 31 May 2016.

**Portman Pension Scheme  
Trustees' Report**

**Transfers at less than cash equivalent**

No transfer values were paid during the year.

**Membership**

As at 31 May 2016, 96 members were entitled to benefits from the Scheme.

There were no changes to the membership of the Scheme during the year as set out in the following table.

	<b>Active</b>	<b>Deferred</b>	<b>Pensioner</b>
Membership at 01/06/2015	-	96	-
<b>Membership at 31/05/2016</b>	<b>-</b>	<b>96</b>	<b>-</b>

Two members died in 2013, this has not been reflected in the membership figures as no payments have been made in respect of these members.

**Pension increases**

No pensions were paid during the year.

**Changes to the Scheme rules**

There were no changes to the Scheme rules during the year.

**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' (MPVA's), the original 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. A judgment handed down on 16 December 2011 found that MPVA loans were unauthorised member payments, as defined by s.160(2) of Finance Act 2004 and in breach of the trustees' powers of investment.

This decision by the Court was subject to an application for permission to appeal which was finally dismissed by the Court in December 2013.

Dalriada Trustees has not made any further MPVA loans from the date of their appointment with the exception of some MPVAs that were set up and subsequently paid by telegraphic transfer in the days shortly after appointment and that Dalriada Trustees were not able to prevent being paid.

Other 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.

Aside from the loans to members and the lack of investment advice, no agreements appeared to be in place with Ark Business Consulting, the company previously employed to provide administration services. Dalriada Trustees has put in place a more robust administration database.

Similarly, no proper accounting records appeared to have been kept and Dalriada Trustees has created appropriate accounting information which underpins the accounts appended to this Report and which have been independently audited.

**Portman Pension Scheme  
Trustees' Report**

Dalriada Trustees are of the opinion that the front end administration charges taken by Ark Business Consulting 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 the 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 has been put in place, setting out the key risks to which the Scheme is subject and the controls in place to mitigate these.

### **HMRC**

Dalriada has been aware, and made members aware, that HMRC were likely to look to levy tax charges as a result of the MPVA payments. HMRC has issued unauthorised payment charges on members and also Scheme Sanction Charges on the schemes themselves. Dalriada has engaged subsequently, both with HMRC and, also, with the members in setting out the actions to take with regard to appealing these tax charges. As commented in the notes to the Financial Statements, Dalriada has appealed the Scheme Sanction Charges. It has not been possible to find an alternative to seeing the appeals process through and Dalriada is now committed to working with HMRC and, as far as possible, the members to ensure the appeals are dealt with as quickly and efficiently as possible.

HMRC's action, generally, continues to generate increased member dealings and enquiries.

### **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 was updated with effect from November 2009. Dalriada Trustees is aware of these requirements and as a professional trustee, 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, Chamber of Commerce House, 22 Great Victoria Street, Belfast BT2 7BA. Email address [mail@dalriadatrustees.co.uk](mailto:mail@dalriadatrustees.co.uk).

The Data Protection Act 1984 covered information which was held electronically, i.e. computer based information. The Data Protection Act 1998 extended 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.

Dalriada 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.

Dalriada 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**



**Portman Pension Scheme  
Trustees' 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 Ark Business Consulting, notably the lack of any appropriate investment advice being sought or received.

There are concerns that the original trustees and Ark Business Consulting 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:

**Affinity Commercial LLP (Affinity) (previously Rom Capital Asset Management Limited (HYPER))**

The Affinity investments amounted to an investment in a property unit trust. Dalriada Trustees were told units would be listed and, in theory, tradable on the Channel Island stock exchange. Dalriada Trustees has ascertained that the original promoters had experienced some problems in getting the trust listed and that Affinity had, on advice, decided to turn the fund into a limited company and issue shares. Dalriada Trustees has been asked to complete paperwork to take ownership of the shares. ROM entered voluntary liquidation in November 2012. Dalriada Trustees continues to liaise with Affinity through its legal advisers to obtain answers to its questions around the documentation and, also, to understand what the value of the investment is/what exit options might be available.

**Entrepreneurs Capital Holdings**

Dalriada Trustees is pleased to report that it has reached an agreement with Entrepreneurs Capital Holdings Limited, which resulted in the sum originally invested, together with interest being returned to the Scheme. This was shown in the 2014 accounts.

**South Horizon Trading Limited (Cyprus)**

At the time of Dalriada Trustees appointment, funds had been paid to a Cypriot company with a view to securing an option to buy the shares in the company that owned a plot of land near Larnaca. The company concerned was seeking further funds in order to complete the share purchase. However, Dalriada Trustees had reservations about this, given the state of the property market in Cyprus.

Dalriada Trustees is pleased to report that an agreement was reached with the Cypriot company that has resulted in the sum originally invested, together with interest, being returned to the Scheme. This was shown in the 2013 accounts.

**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). We understand that construction of the development has started but we do not yet know of a definitive completion date. The investment has no immediate realisable value.

**Custodial arrangements**

Dalriada Trustees has been unable to obtain details of any custodial arrangements having been put in place.



**Portman Pension Scheme  
Trustees' Report**

**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.

**Employer related investments**

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

**Portman Pension Scheme  
Trustees' Report**

**Statement of Trustees' Responsibilities**

The Scheme's Trustees are responsible for obtaining audited financial statements 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 financial statements are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

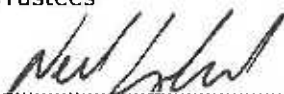
- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised 25 November 2014).

Dalriada has prepared the financial statements, and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

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

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited.....



Date.....

21/12/2016

**Portman Pension Scheme**  
**Independent Auditor's report to the Trustees**

We were engaged to audit the accounts of the Portman Pension Scheme for the year ended 31 May 2016 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for the preparation of accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Basis of Disclaimer of Opinion**

Dalriada Trustees Limited was appointed on the 31 May 2011 under Section 7 of the Pensions Act 1995. Following their appointment they identified a number of concerns surrounding the Scheme Investments and the administration of the Scheme. These concerns have been detailed in their Annual Trustees' Reports.

**Investments**

The Trustees report states the following:

- There has been some resistance to the provision of information surrounding investments by both the original trustees and Ark Business Consulting, notably the lack of any appropriate investment advice being sought or received.
- They are concerned the original trustees and Ark Business Consulting 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 the ongoing legal proceedings.
- They have been unable to obtain details of any custodial arrangements having been put in place.

In relation to the investments held at the balance sheet date the Trustees continue to be unable to determine the value, if any, of these at the reporting date and accordingly consider that the only reasonable and prudent approach is to value these investments at £Nil.

We have been unable to confirm or verify the nature or appropriate values of these Investments held by the Scheme.

**Portman Pension Scheme**  
**Independent Auditor's report to the Trustees**

**MPVA's**

On 16 December 2011 the Court ruled that a number of unsecured loans to members of other pension schemes, made by the previous trustees under the wrapper of 'Maximizing Pension Value Arrangements' (MPVAs), were unauthorised member payments, as defined by s.160(2) of the Finance Act 2004. This decision by the Court was subject to an application for permission to appeal which was finally dismissed by the court in December 2013.

The Trustees have included an amount of £2,639,915 as a debtor, being the amount 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.

**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 Scheme has received a notice from HMRC in the year raising a Scheme Sanction Charge of £1,045,756 in connection with the total MPVA payments made from the Scheme. The Trustees are appealing these charges and the outcome of this appeal remains uncertain at the date of signing the accounts.

**Disclaimer of Opinion**

Because of the significance of the matters described in the Basis of Disclaimer of Opinion Paragraph relating to the valuation of investments, the recoverability of unauthorised payments and the potential tax consequence on the scheme, 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 Northern Ireland*

**RSM Northern Ireland**

**Chartered Accountants and Registered Auditors**

Number One  
Lanyon Quay  
Belfast  
BT1 3LG

Date: *21<sup>st</sup> December 2016*

**Portman Pension Scheme  
Financial Statements**

**For the year ended 31 May 2016**

**Fund Account**

	Note	<b>2016</b> £	<b>2015</b> £
<b>Contributions and benefits</b>			
Other payments	3	-	(1,045,756)
Administrative expenses	4	<u>(98,534)</u>	<u>(164,334)</u>
		<u>(98,534)</u>	<u>(1,210,090)</u>
<b>Net withdrawals from dealings with members</b>			
		<u>(98,534)</u>	<u>(1,210,090)</u>
<b>Returns on investments</b>			
Investment income	5	<u>22,806</u>	<u>27,158</u>
<b>Net returns on investments</b>		<u>22,806</u>	<u>27,158</u>
<b>Net decrease in fund for the year</b>		(75,728)	(1,182,932)
<b>Net assets at 1 June 2015</b>		4,020,025	5,202,957
<b>Net assets at 31 May 2016</b>		<u><u>3,944,297</u></u>	<u><u>4,020,025</u></u>

The notes on pages 15 to 20 form an integral part of these financial statements.

**Portman Pension Scheme  
Financial Statements**

**Statement of Net Assets  
(available for benefits) as at 31 May 2016**

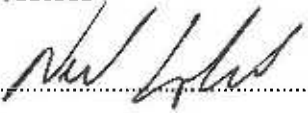
	Note	2016 £	2015 £
<b>Total net investments</b>		-	-
<b>Current assets</b>	7	5,003,191	5,088,826
<b>Current liabilities</b>	8	(1,058,894)	(1,068,801)
 <b>Net assets at 31 May 2016</b>		<u><u>3,944,297</u></u>	<u><u>4,020,025</u></u>

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

The notes on pages 15 to 20 form an integral part of these financial statements.

These financial statements were approved by the Trustees and authorised for issue on 21/12/2016

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited.....

**Portman Pension Scheme**  
**Notes to the Financial Statements**

**1. Basis of preparation**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (Revised 25 November 2014), published by the Pensions Research Accountants Group.

This is the first year FRS 102 and the revised SORP has applied to the Scheme's financial statements and the date of transition was 1 June 2014. The first comparative period under FRS 102 was the year ended 31 May 2015. This has had no impact on the figures in the financial statements other than the change in format.

**2. Accounting policies**

**Investment Income**

Interest on bank deposits is accounted for as it accrues.

**Transfers**

Individual transfers to and from the Scheme during the year are included in the financial statements on the basis of when the member liability is accepted or discharged which is normally when the transfer amount is paid or received.

There were no transfers out during the year.

**Benefits**

Benefits payable are included in the financial statements 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 Dalriada Trustees is not able to identify benefits payable.

**Administrative expenses and investment management expenses**

Administrative expenses and investment management expenses are accounted for on an accruals basis.

**Currency**

The Scheme's functional currency and presentational currency is pounds sterling GBP.

**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 appears that these investments are illiquid and have no immediate realisable value. In the absence of evidence to contrary, the only reasonable and prudent approach that Dalriada Trustees can take in valuing these property investments is to assume that they have no value. Where the amount to be recovered or returned can be estimated with reasonable certainty investments are valued on this basis.



**Portman Pension Scheme**  
**Notes to the Financial Statements**

**3. Other payments**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Scheme Sanction Charge	-	1,045,756
	<u>-</u>	<u>1,045,756</u>

The Scheme Sanction Charge has been received from HMRC in connection to the total MPVA payments made from the Scheme. Based on the available information it is HMRC's view that unauthorised payment tax charges arose when the "loans" were made. Dalriada Trustees are appealing these charges.

**4. Administrative expenses**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Audit fees	1,740	1,500
Legal fees	64,554	91,895
Pensions Regulator Levy	276	276
Trustee fees	31,882	70,620
Other professional fees	82	43
	<u>98,534</u>	<u>164,334</u>

**5. Investment income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest on cash deposits	4,948	10,769
Other income	17,858	16,389
	<u>22,806</u>	<u>27,158</u>

**6. Reconciliation of Investments**

	Value at 11/05/2010	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2011
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Air Parade Limited	-	250,000	(265,000)	15,000	-
South Horizon Trading Ltd	-	1,150,000	-	(1,150,000)	-
Rom Capital Asset	-	150,000	-	(150,000)	-
Entrepreneurs Capital	-	200,000	-	(200,000)	-
Freedom Bay Resort	-	270,268	-	(270,268)	-
Red Residences Beroun	-	16,339	-	(16,339)	-
Whitton Investments	-	13,393	-	(13,393)	-
<b>Investments Total</b>	<b>-</b>	<b>2,050,000</b>	<b>(265,000)</b>	<b>(1,785,000)</b>	<b>-</b>

**Portman Pension Scheme**  
**Notes to the Financial Statements**

	Value at 01/06/2011	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2012
	£	£	£	£	£
South Horizon Trading Ltd	-	-	-	1,243,438	1,243,438
Rom Capital Asset	-	-	-	-	-
Entrepreneurs Capital	-	-	-	-	-
Freedom Bay Resort	-	-	-	-	-
Red Residences Beroun	-	-	-	-	-
Whitton Investments	-	-	-	-	-
<b>Investments Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,243,438</b>	<b>1,243,438</b>

	Value at 01/06/2012	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2013
	£	£	£	£	£
South Horizon Trading Ltd	1,243,438	-	(1,245,117)	1,679	-
Rom Capital Asset	-	-	-	-	-
Entrepreneurs Capital	-	-	-	-	-
Freedom Bay Resort	-	-	-	-	-
Red Residences Beroun	-	-	-	-	-
Whitton Investments	-	-	-	-	-
<b>Investments Total</b>	<b>1,243,438</b>	<b>-</b>	<b>(1,245,117)</b>	<b>1,679</b>	<b>-</b>

	Value at 01/06/2013	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2014
	£	£	£	£	£
Rom Capital Asset	-	-	-	-	-
Entrepreneurs Capital	-	-	(222,555)	222,555	-
Freedom Bay Resort	-	-	-	-	-
Red Residences Beroun	-	-	-	-	-
Whitton Investments	-	-	-	-	-
<b>Investments Total</b>	<b>-</b>	<b>-</b>	<b>(222,555)</b>	<b>222,555</b>	<b>-</b>

	Value at 01/06/2014	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2015
	£	£	£	£	£
Rom Capital Asset	-	-	-	-	-
Freedom Bay Resort	-	-	-	-	-
Red Residences Beroun	-	-	-	-	-
Whitton Investments	-	-	-	-	-
<b>Investments Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Portman Pension Scheme**  
**Notes to the Financial Statements**

	Value at 01/06/2015	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2016
	£	£	£	£	£
Rom Capital Asset	-	-	-	-	-
Freedom Bay Resort	-	-	-	-	-
Red Residences Beroun	-	-	-	-	-
Whitton Investments	-	-	-	-	-
<b>Investments Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Dalriada Trustees reached an agreement with regard to the South Horizon investment that resulted in the sum originally invested, together with interest, being returned to the Scheme. This was shown in the 2013 accounts.

After pressing Entrepreneurs Capital that investment was eventually repaid in full with interest. This was shown in the 2014 accounts.

For defined contribution schemes, investments purchased by the Scheme are allocated to provide benefits to the individual members. The previous Trustees/administrators did not make any allocation of funds when members transferred in and, as stated earlier, some of the investments have no immediate realisable value. Consequently, Dalriada Trustees Limited has been unable to carry out an allocation of funds to members and will, in time, require further direction from the Court as to the most appropriate method to use.

**7. Current assets**

	2016	2015
	£	£
Accrued income	17,858	-
Sundry debtors	-	35
MPVA's	2,639,915	2,639,915
Cash balances	2,345,418	2,448,876
	<u>5,003,191</u>	<u>5,088,826</u>

Included in the bank balance is £2,345,418 (2015: £2,448,876) which is not allocated to members.

**MPVA's**

	Value at 01/06/2015	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2016
	£	£	£	£	£
MPVA	2,639,915	-	-	-	2,639,915
	<u>2,639,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639,915</u>

**Portman Pension Scheme  
Notes to the Financial Statements**

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

Subsequent to their appointment Dalriada Trustees did not make any further MPVA payments (with the exception of some MPVA's that were set up and subsequently paid by telegraphic transfer in the days shortly after appointment and that Dalriada Trustees were not able to prevent being paid) and sought direction 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.

Dalriada Trustees have included as a debt an amount of £2,639,915, being the money paid out under these arrangements and now to be recovered from the recipients.

However, whilst Dalriada Trustees is able to confirm the amounts paid out to individuals under these arrangements, it is unable to establish the recoverability of these amounts.

**8. Current liabilities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Scheme Sanction Charge	(1,045,756)	(1,045,756)
Accrued expenses	(13,138)	(23,045)
	<u>(1,058,894)</u>	<u>(1,068,801)</u>

**9. Related Party Transactions**

During the year the fees due to Dalriada Trustee were £31,882 (2015: £70,620). As at 31 May 2016 £2,290 (2015: £6,574) was still due to Dalriada Trustees.

**10. Contingent Liabilities**

Ark Business Consulting has lodged a counter claim for administration charges outstanding. In Dalriada Trustees' opinion, this counter claim is unlikely to be successful.

**11. 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 as a result of further contracting out payments paid by HMRC (either directly or via the transferring scheme)).

To commence separate legal proceedings against Ark Business Consulting with regard to the level of administration charges taken.

**12. Taxation**

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains taxes.

**Portman Pension Scheme  
Notes to the Financial Statements**

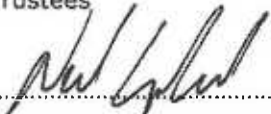
**13. Self investment**

There were no known instances of self investment during the year.

**Portman Pension Scheme  
Summary of Contributions**

During the year ended 31 May 2016 no contributions were paid or due to the Scheme.

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited.....

Date..... 21/12/2016 .....

**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 Portman Pension Scheme**

We have examined the summary of contributions to the Portman Pension Scheme for the Scheme year ended 31 May 2016 to which this statement is attached.

This report, including the opinion, has been prepared for and only the Trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or resume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by prior consent in writing.

**Respective responsibilities of Trustees and Auditors**

As explained more fully 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 a payment schedule showing 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 are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer 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.

**Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the payment schedule. This includes an 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 payment schedule.

**Statement about contributions payable under the payment schedule**

In our opinion contributions for the Scheme period ended 31 May 2016 as reported in the attached summary of contributions have in all material respects been paid at least in accordance with the payment schedule.

*RSM Northern Ireland*

**RSM Northern Ireland**

**Chartered Accountants and Registered Auditors**

Number One  
Lanyon Quay  
Belfast  
BT1 3LG

Date: *21<sup>st</sup> December 2016*



**Portman Pension Scheme  
Compliance Statement**

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

During the year there were no changes to the Scheme advisers.

**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 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU  
Telephone: 0345 600 2537  
Website: [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

**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: 0300 123 1047  
Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)  
E-mail: [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)

**The Pensions Ombudsman**

In cases where a complaint or dispute cannot be resolved under the IDRPs, an application can be made to the Pensions Ombudsman 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: 0345 600 0707  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)  
E-mail: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

## Portman Pension Scheme

### Appendix 1

#### Annual Governance Statement by the Chair of the Trustee for the Scheme Year Ending on 31 May 2016

##### Introduction

New governance rules apply to defined contribution ('DC') schemes, and therefore the Scheme, from 6 April 2015.

As the Chair of the Trustee, I have to provide you with a yearly statement which explains what steps have been taken by the trustee to meet the new governance standards. This first statement covers an extended Scheme year from 6 April 2015 to 31 May 2016.

What has to be included in the statement is set out in law. Under normal circumstances the statement will relate to a DC scheme properly established to provide appropriate benefits for its members.

As you are aware from the Announcements issued to members since its appointment, Dalriada Trustees Limited ("Dalriada") was appointed as trustee to the Scheme by the Pensions Regulator amid concerns as to how the Scheme was being run, the investments made by the previous trustee and, principally, that the Scheme was being used as a vehicle for pension liberation. This has presented Dalriada with a number of challenges around governance. Nevertheless this statement is a legal requirement and, as such, can serve as a useful reminder of the issues faced by Dalriada and, where it cannot meet certain governance obligations, I have explained why that it is the case.

##### Background

Dalriada was appointed as Independent Trustee of the Scheme by Order of the Pensions Regulator on 31 May 2011. The powers and duties exercisable by Dalriada in its capacity as trustee are to the exclusion of any other trustees of the Scheme.

The Scheme was used, principally, as a vehicle to allow members under the minimum retirement age of 55 access to cash payments. Under the wrapper of a 'Maximising Pension Value Arrangement' (MPVA), members of the Scheme received an unsecured loan (or loans) from other pension schemes, similarly established. In turn, and, again, using the MPVA wrapper, the previous trustee effected a number of unsecured loans to members of those other pension schemes.

Subsequent to its appointment, Dalriada did not make any further MPVA payments and sought direction from the Court regarding the status of the MPVA loans already in place. A judgment handed down on 16 December 2011 found that the MPVA loans were unauthorised member payments and in breach of the trustee's powers of investment.

HMRC also consider the MPVA loans to be unauthorised payments and, as a result, HMRC have issued provisional tax assessments against both the Scheme and its members. These provisional assessments are significant and have been appealed by the majority of members and by Dalriada respectively. The correct basis for taxation will only be established at the end of the appeal process, to be run through the Tax Tribunal (equivalent to the Court for matters relating to tax).

In addition to the loans made to members of other schemes, the Scheme made four inappropriate investments, two of which have now been recovered.

## Portman Pension Scheme

### Appendix 1

#### Default investment arrangement

The Scheme did not offer members any choice as to how their funds were invested.

Alongside the MPVA loans made to members of other schemes, funds were invested in an unusual and high risk, unregulated investment, South Horizon Trading Limited, based in Cyprus. Ultimately Dalriada reached an agreement with the Cypriot company that resulted in a full return of funds, plus interest, to the Scheme.

The Scheme also invested in Entrepreneur Capital Holdings, a company based in the British Virgin Islands. The invested funds were subsequently recovered in full with interest by Dalriada.

In addition, the Scheme further invested in a property company based in Guernsey, Affinity Commercial LLP (previously ROM Capital Asset Management Limited). Dalriada continues to correspond with Affinity to ascertain if an early exit from the investment can be agreed.

Lastly the Scheme invested in Freedom Bay, a fractional ownership investment in a villa development in St. Lucia. Dalriada has been, and continues to be, in correspondence with Freedom Bay regarding an exit from the investment.

All recovered funds are held in cash.

In Dalriada's view, there has never been an appropriate default investment arrangement. There is no life-styling option available.

The previous trustee directed investment decisions without seeking appropriate investment advice.

No serviceable Statement of Investment Principles exists for the Scheme.

As all of the investments and the use of MPVA loans are unconventional, they do not comply with any maximum charge requirements.

The Court previously ruled that the MPVA loans were made in breach of trust and were not validly made. As trustee of the Scheme, Dalriada has a duty to recover any of the Scheme's assets paid out in breach of trust and this would include funds paid by way of MPVA loans. Dalriada is seeking direction from the Court as to the approach it should take with regard to the recovery of the MPVA loans.

To date, due to the issues still facing the Scheme, principally related to the recovery of investments and the uncertainty surrounding taxation, the Scheme has adopted, and it is likely it will continue to adopt, a low risk investment strategy.

Ultimately, it is Dalriada's intention to wind up the Scheme as soon as it is able, giving members the opportunity to transfer any funds to a more suitable arrangement of their choice. However it is likely that it will still be some time before the Scheme can be wound up.

#### Core Financial Transactions

Trustees have a specific duty to ensure that core financial transactions relating to DC schemes are processed promptly and accurately. These include the following:

- investing contributions paid into the Scheme
- transferring assets related to members into or out of the Scheme
- transferring the assets between different investments within the Scheme
- making payments from the Scheme to or on behalf of the members.

The Scheme does not currently accept contributions or transfers in and is unable to pay any level of benefit, including transfers values, to members at the present time.

This is due to a number of factors, not least uncertainty regarding the potential tax charges mentioned above. More information on this has been provided in Dalriada's Announcements to members.

## Portman Pension Scheme

### Appendix 1

The financial transactions the Scheme does make are, in the main, in relation to costs. These are reported in the Scheme's annual accounts.

Given its inability to carry out the majority of routine administrative actions, unsurprisingly, over the reporting period, there have been no material administration service issues which need to be reported here by Dalriada.

Notwithstanding this, Dalriada, as a professional Independent Trustee, has processes and controls in place that are suitably designed to ensure any service objectives can be achieved once the Scheme is in a position to operate in the manner of a normal scheme.

#### **Charges and Transaction Costs**

The new governance rules require trustees to make an assessment of the charges and transactions costs borne by DC scheme members.

No transactions have taken place within the period of this statement as Dalriada has not accepted any payments into the Scheme, either by way of contributions or transfers in.

Under the terms of its appointment, the fees of Dalriada and its advisers are met from Scheme funds.

Due to the mismanagement of the Scheme by its previous trustee and the subsequent actions taken by Dalriada since appointment, it is inevitable that the Scheme has incurred, and will continue to incur, significantly higher ongoing costs than would be the case for a similarly sized but conventional scheme.

Dalriada has set out in its various Announcements to members the actions it undertook, and continues to take, to recover the investments made by the previous trustees. Generally, actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, are now centred on legal action and around the tax charges. Such actions are considered on a cost benefit analysis and, where necessary, Court approval is sought for the use of Scheme funds to pay for such legal action.

#### **Good value for members**

When assessing the charges and any transaction costs which are payable by members, trustees are required to consider the extent to which the investment options and the benefits offered by the Scheme represent good value for members when compared to other options available in the market. Given the particular circumstances of the Scheme, such a comparison is simply not possible.

Generally, Dalriada's aim is to recover what assets it can, as cost effectively as it can, to obtain Court direction on a number of administrative matters and to resolve the position with HMRC as regards the possible taxation and, thereafter, to determine the value of members' funds and provide members with appropriate options prior to, ultimately, winding up the Scheme.

#### **Trustee Knowledge and Understanding**

The law sets out the requirement for trustees to have appropriate knowledge and understanding of legal requirements relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

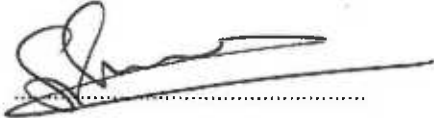
Dalriada, as a professional trustee, meets all knowledge and understanding requirements. A record of the training completed by Dalriada staff is kept and this training record is reviewed periodically to improve standards. Dalriada also seeks external specialist advisers when required.

All current Dalriada staff have completed the Trustee Toolkit made available by the Pensions Regulator. New staff must complete the Toolkit after joining Dalriada.

**Portman Pension Scheme  
Appendix 1**

As a result of the training activities which have been completed by Dalriada staff individually and collectively, and taking into account the professional external advice available to Dalriada when required, Dalriada considers that its combined knowledge and understanding enables it to exercise properly its function as trustee of the Scheme.

Signed for and on behalf of Dalriada Trustees Limited (the Trustee)

Chairman 

Date 19/12/2016