

Dalriada. *A better way*

Merseyside Care Retirement Benefits Scheme

**Report and Financial Statements
For the year ended 30 June 2021**

Registration number: 12007476

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**Merseyside Care Retirement Benefits Scheme
Principal Employer and Advisers to the Scheme**

Trustees

Hugh Francis Mcauley "original trustees" (appointed: 20 July 2012, removed: 7 October 2013)

Stephen Harman "original trustees" (appointed: 20 July 2012, removed: 7 October 2013)

Dalriada Trustees Limited (appointed: 19 September 2013)

Linen Loft
27-37 Adelaide Street
Belfast
BT2 8FE

Principal Employer

Merseyside Care Limited
Oriel House
2-8 Oriel Road
Bootle
Merseyside L20 7EP

Administrator

Dalriada Trustees Limited (appointed: 19 September 2013)

Linen Loft
27-37 Adelaide Street
Belfast
BT2 8FE

Auditor

Johnston Carmichael LLP (appointed: 29 January 2019)

Statutory Auditor
227 West George Street
Glasgow
G2 2ND

Legal Adviser

Pinsent Masons LLP (appointed: 19 September 2013)

30 Crown Place
Earl Street
London
EC2A 4ES

**Merseyside Care Retirement Benefits Scheme
Principal Employer and Advisers to the Scheme**

Investment managers

Arterial Distribution Limited (appointed: 18 April 2013)
Third Floor, Elizabeth House
Ruettes Brayes
St Peter Port
Guernsey, GY1 1EW

Innovation Property Solutions (UK) Limited (dissolved 28 July 2015) (appointed: 9 July 2013, removed: 21 April 2015)
73 Liverpool Road
Crosby
Liverpool
L23 5SE

Par Management Services Limited (dissolved 20 June 2017) (appointed: 18 April 2013)
Unit 6 Trident Park
Trident Way
Blackburn
BB1 3NU

Bankers

Barclays Bank PLC
6th Floor
Donegall House
Donegall Square North
Belfast, BT1 5GB

**Merseyside Care Retirement Benefits Scheme
Trustee's Report**

Introduction

The Trustee of the Merseyside Care Retirement Benefits Scheme ("the Scheme") presents its report together with the audited financial statements for the year ended 30 June 2021. The Scheme is a defined contribution scheme.

The Scheme was established on 20 July 2012, and is currently governed by the trust deed and rules of the same date, as subsequently amended by 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 Annual Governance Statement included as Appendix 1 and the Compliance Statement set out on pages 23 and 24 form part of this report.

Scheme management

The Trustee who served during the year was:

Dalriada Trustees Limited.

The directors of Dalriada Trustees Limited are D N Copeland, R D Fogarty, C M Johnstone, A B Kennett, T Lukic, C J Roberts, B D Spence and V Vassou. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

Dalriada Trustees Limited was appointed by Order of the Court following an application by The Pensions Regulator, with exclusive powers, on 19 September 2013 and can only be removed by an Order of the Court.

Dalriada Trustees Limited ("Dalriada") has 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 Trustee and the Scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to Dalriada Trustees Limited, Linen Loft, 27-37 Adelaide Street, Belfast, BT2 8FE. Email: liverpooladmin@dalriadatrustees.co.uk

Financial development of the Scheme

The financial statements of the Scheme for the year ended 30 June 2021 are set out on pages 15 to 20; the Trustee's 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 £220,009 at 30 June 2020 to £192,653 at 30 June 2021.

For defined contribution schemes, investments purchased by the Scheme are allocated to provide benefits to the individual members. The original Trustees / administrators did not make any allocation of funds when the members transferred into the Scheme. Consequently Dalriada has been unable to carry out an allocation of funds to members and may, in time, require further direction from the Court as to the most appropriate allocation method to use.

**Merseyside Care Retirement Benefits Scheme
Trustee's Report**

Covid-19

This report and the accompanying financial statements cover a period subsequent to the outbreak of the Covid-19 global pandemic and the resultant health and financial crisis. The Trustee followed advice from The Pensions Regulator and duly appointed Scheme advisers during that period and, taking into account the long-term nature of the Scheme, continue to do so.

The Trustee's assessment is that benefits will continue to be paid as and when they fall due and, therefore, the measurement of assets and liabilities in the financial statements are not being adjusted, and the Trustee consider that it is appropriate to prepare the Scheme accounts on a going concern basis.

With regard to wider operational aspects of the Scheme, the Trustee discussed and received reassurances from the Scheme's administrators and other service providers relating to their business continuity plans and all have in place arrangements to provide working from home facilities to their staff. The Trustee has received assurance that normal service should not be materially impacted and this assurance was, in practice, borne out during the accounting period. Service providers continue to be monitored against their service level agreements with the Trustee.

Transfers at less than cash equivalent

No transfer values were paid during the year.

Membership

As at 30 June 2021, 47 members were entitled to benefits from the Scheme.

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

	Active	Deferred	Pensioner
Membership at 01/07/2020	-	47	-
Membership at 30/06/2021	-	47	-

Pension increases

No pensions were paid during the year.

Changes to the Scheme rules

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

Governance and Risk Management

Dalriada was appointed by Order of the Court following an application by The Pensions Regulator who had concerns as to the way the Scheme was being managed and, also, that it was being used as a vehicle for pension liberation.

Following its appointment, Dalriada identified a number of concerns surrounding the administration of the Scheme.

No proper accounting records appeared to have been kept and Dalriada has therefore created the appropriate accounting information which underpins the financial statements appended to this Report.

Member data has now been installed onto a robust administration software system and all administration tasks are carried out by Dalriada.

**Merseyside Care Retirement Benefits Scheme
Trustee's Report**

Governance and Risk Management (continued)

As investigations into the Scheme continue, Dalriada will continue to develop its business plan which set out its objectives in such areas as administration, investment, funding and communication. A risk register has been put in place setting out the key risks to which the Scheme is subject to and the controls in place to mitigate these.

A comprehensive review of 'Code of practice 13: Governance and administration of occupational defined contribution trust-based pension schemes' has also been completed.

The results and the areas where compliance has not been possible have been shared with The Pensions Regulator.

In November 2020, a judgment was handed down following Court proceedings involving Dalriada and the Pension Protection Fund (PPF) with regard to eligibility of schemes like the Merseyside scheme to make claims on the FCF. In short, the judge found that schemes of this nature were able to make applications. Dalriada is now working with the PPF in relation to submitting a claim and further information will be provided as matters progress. However, there is no guarantee at this time that any claim will be successful.

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 April 2015. As a professional trustee, Dalriada, 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, Linen Loft, 27-37 Adelaide Street, Belfast, BT2 8FE. Email: liverpooladmin@dalriadatrustees.co.uk

The General Data Protection Regulations 2016/679 (Regulations) cover information which is held electronically, i.e. computer based information and extend data protection laws to cover paper-based records held for individuals. The Regulations contain restrictions on the processing of special categories of data as defined in the Regulations, to which individuals must give their consent. This category of data can include information on, for example, the health of a member or marital status.

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 Trustee 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 Trustee is regarded as 'Controller' for the purposes of the Regulations, in relation to the process referred to above. The advisers appointed by the Trustee are usually 'Processors', however, some advisers, such as the Scheme Actuary and auditors are considered to be controllers by the various professional regulatory bodies. Under the Regulations where two or more controllers jointly determine the purposes and means of processing, they shall be joint controllers of the data.

**Merseyside Care Retirement Benefits Scheme
Trustee's Report**

Investment report

Other than funds held in cash in the Scheme's bank accounts, all monies transferred into the Scheme were invested as follows:

£1,390,000 was invested in a Guernsey-based company, Arterial Distribution Limited ("Arterial").

A further sum in excess of £251,000 was loaned to Innovation PS Limited, a company operated by Mr Mcauley. This was only later claimed by Mr Mcauley to be a loan and not made clear to Dalriada at the time it was appointed even though Mr Mcauley provided a sworn affidavit to Court.

£34,670 was loaned to Mr S Simmons, as a result of legal action taken by Dalriada this amount has been recovered in full with interest.

The money paid to Arterial purported to relate to an investment in a company developing a pharmaceutical diagnostics tool. Dalriada and its legal advisers have been in communication with Arterial and their legal advisers (as well as two other Arterial companies, Arterial Capital Management Limited and Arterial HPV Limited, also based in Guernsey) to try and understand the investment better but have little understanding of the value of the investment, or even if it has any value at all. It appears that this is a very high risk investment and not appropriate for the Scheme. At best, it could take a long time before any money is paid back to the Scheme and, at worst, there may be significant losses.

Because there was no explanation for the loan payments to Innovation PS Limited and Mr S Simmons initially, Dalriada instructed its legal advisers to seek a freezing order from the Court against Innovation PS, Mr Mcauley, his wife and Formby Playsports Limited, another company operated by Mr Mcauley that had received some of the money paid to Innovation PS Limited. Dalriada did this on an urgent basis and without notice to any of the other parties in order to ensure that funds were protected if a freezing order was granted.

The freezing order was granted by the Court at a hearing on 14 February 2014 and the money loaned to Innovation PS Limited was ultimately repaid in full, with a further payment as contribution towards the cost of the legal action and lost interest.

Subsequently, Dalriada concluded that there was a basis to pursue recovery of funds paid to Arterial as well, given Mr and Mrs Mcauley had not obtained any investment advice when entering into the agreements with that entity. Dalriada commenced further Court proceedings alleging that Mr and Mrs Mcauley had acted in breach of trust in making the payments to Arterial.

Dalriada sought summary judgment (i.e. that the Court considered the claim so strong as to not justify the need for full legal proceedings as any defence had little prospect of success) and obtained summary judgment in relation to about half the sum given a query over the liberated amount.

An initial settlement was reached in February 2018 for £373,496. This figure was increased to £381,136 by a variation to the settlement agreement made in May 2018, following Mr Mcauley's failure to pay the sum due. Whilst the Scheme received a payment of £142,301 it became clear that Mr Mcauley was not going to be able to pay the balance due. In June 2019, Dalriada reached a final settlement agreement for £212,214, to be payable immediately, this was received into the Scheme on 2 July 2019, plus a further £61,966 due to be paid before the end of 2019, on the sale of Mr Mcauley's buy to let portfolio. This final settlement was felt likely to generate a greater return to the Scheme than the alternative of looking to pursue Mr Mcauley into bankruptcy. In April 2021, Dalriada received a further £21,221 in part payment of the amount due. There remains is some uncertainty around the payment of the outstanding amount and Dalriada and its lawyers continue to be in negotiation with Mr Mcauley. It is expected that matters will be concluded early in 2022.

Custodial arrangements

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

**Merseyside Care Retirement Benefits Scheme
Trustee's Report**

Investment principles

The Trustee of the Scheme is 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.

**Merseyside Care Retirement Benefits Scheme
Trustee's Responsibilities Statement**

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Regulation 3A of 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 relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also 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.

The Trustee is responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme adopting a risk based process to monitor whether contributions are made to the Scheme by the employer in accordance with the Payment Schedule. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited 

Date..... 31/01/2022

Merseyside Care Retirement Benefits Scheme
Independent Auditor's report to the Trustee

Opinion

We have audited the financial statements of the Merseyside Care Retirement Benefits Scheme (the 'Scheme') for the year ended 30 June 2021 which comprise the fund account, statement of net assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the report and financial statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Merseyside Care Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 10, the Scheme's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.
- The Pension Schemes Statement of Recommended Practice (2018).
- The Pensions Acts 1995 and 2004.

We gained an understanding of how the Scheme is complying with these laws and regulations by making enquiries of the Trustee. We corroborated these enquiries through our review of the Trustee maintained breaches register.

We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur, by enquiring of the Trustee to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Trustee is remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Trustee oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

**Merseyside Care Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Auditor responsibilities for the audit of the financial statements (continued)

- Reviewing member announcements published by the Trustee on the Scheme's website.
- Reviewing the latest available internal control reports of the Scheme administrator.
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Merseyside Care Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee 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 or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

**Johnston Carmichael LLP
Statutory Auditor**

**227 West George Street
Glasgow G2 2ND**

Date: *31 January 2022*

**Merseyside Care Retirement Benefits Scheme
Financial Statements**

For the year ended 30 June 2021

Fund Account	Note	2021 £	2020 £
Contributions and benefits			
Legal settlement	3	21,221	-
		<u>21,221</u>	<u>-</u>
Administrative expenses	4	(48,670)	(71,342)
		<u>(48,670)</u>	<u>(71,342)</u>
Net withdrawals from dealings with members		<u>(27,449)</u>	<u>(71,342)</u>
Returns on investments			
Investment income	5	3	-
Net returns on investments		<u>3</u>	<u>-</u>
Net decrease in the fund for the year		(27,446)	(71,342)
Net assets at 1 July 2020		220,099	291,441
Net assets at 30 June 2021		<u>192,653</u>	<u>220,099</u>

The notes on pages 17 to 20 form an integral part of these financial statements.

**Merseyside Care Retirement Benefits Scheme
Financial Statements**

**Statement of Net Assets
(available for benefits) as at 30 June 2021**

	Note	2021 £	2020 £
Current assets	6	202,799	692,933
Current liabilities	7	(10,146)	(472,834)
Net assets at 30 June 2021		<u><u>192,653</u></u>	<u><u>220,099</u></u>

The financial statements 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 year.

The notes on pages 17 to 20 form an integral part of these financial statements.

These financial statements were approved by the Trustee and authorised for issue on.....^{31/01/2022}.....

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited... 

Merseyside Care Retirement Benefits 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 2018), published by the Pensions Research Accountants Group.

1.1. Identification of the financial statements

The Scheme is established as a trust and is governed by, the laws of England and Wales. The Principal Employer's registered address is disclosed on page 3 and the address for enquiries to the Scheme is included in the Trustee's Report on page 7.

2. Accounting policies

Functional currency

The functional currency used in the financial statements is Sterling and all figures have been rounded to the nearest pound.

Investment Income

Interest on bank deposits is accounted for as it accrues.

Other Income

Other income has been accounted for on an accruals basis.

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 accounts on an accruals basis when the member notifies the Trustee 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 is not able to identify benefits payable.

Administrative expenses

Administrative expenses are accounted for on an accruals basis.

Merseyside Care Retirement Benefits Scheme
Notes to the Financial Statements

Investment

In the absence of evidence to contrary, the only reasonable and prudent approach that Dalriada can take in valuing these 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.

3. Other Income

	2021	2020
	£	£
Legal settlement	<u>21,221</u>	<u>-</u>
	<u><u>21,221</u></u>	<u><u>-</u></u>

4. Administrative expenses

	2021	2020
	£	£
Audit fees	3,540	3,540
Legal fees	16,689	43,299
Pensions Regulator Levy	187	-
Trustee fees	28,254	24,463
Other professional fees	<u>-</u>	<u>40</u>
	<u><u>48,670</u></u>	<u><u>71,342</u></u>

Whilst to date fees have been met from Scheme funds, under the terms of its appointment, the fees of Dalriada and its advisers fall as a debt due from the Principal Employer. Dalriada will look to enforce the debt in due course however, it is unlikely that the Principal Employer will have sufficient assets to meet the debt in full.

Due to the mismanagement of the Scheme by its previous trustees 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.

5. Investment income

	2021	2020
	£	£
Interest on cash deposits	<u>3</u>	<u>-</u>
	<u><u>3</u></u>	<u><u>-</u></u>

6. Current assets

	2021	2020
	£	£
Sundry debtors	20,741	692,930
Cash balances	<u>182,058</u>	<u>3</u>
	<u><u>202,799</u></u>	<u><u>692,933</u></u>

Included in the bank balance for the year ended 30 June 2021 is £182,058 (2020: £3) which is not allocated to members.

Consequently Dalriada has been unable to carryout an allocation of funds to members and may, in time, require further direction from the Court as to the most appropriate allocation method to use.

Merseyside Care Retirement Benefits Scheme
Notes to the Financial Statements

The sundry debtors figure represents funds which are due from the Innovation Property Retirement Benefits Scheme with regards to the Legal settlement and funds previously transferred from Merseyside Care Retirement Benefits Scheme to the Innovation Property Retirement Benefits Scheme.

7. Current liabilities

	2021	2020
	£	£
Accrued expenses	(10,146)	(12,702)
Sundry creditors	-	(460,132)
	(10,146)	(472,834)

The sundry creditors figure in the prior year represented fees which were due from the Merseyside Care Retirement Benefits Scheme and were paid from Innovation Property Retirement Benefits Scheme.

8. Related Party Transactions

Dalriada Trustees Limited has charged the Scheme £28,254 (2020: £24,463) in respect of Trustee expenses for the year. An amount of £1,856 (2020: £4,433) was owing to Dalriada Trustees Limited at the year end.

During the year Innovation Property Retirement Benefits Scheme paid fees for Merseyside Care Retirement Benefits Scheme which totalled £35,239 (2020: £75,201). As at 30 June 2021 Innovation Property Retirement Benefits Scheme owed Merseyside Care Retirement Benefits Scheme £480 (2020: nil). In the prior year Merseyside Care Retirement Benefits Scheme owed Innovation Property Retirement Benefits Scheme £460,132.

During the year Innovation Property Retirement Benefits Scheme received funds for Merseyside Care Retirement Benefits Scheme in respect of Legal Settlements. As at 30 June 2021, £21,221 (2020: £692,930) was still owed to Merseyside Care Retirement Benefits Scheme from Innovation Property Retirement Benefits Scheme.

9. Contingent Liabilities

There were no contingent liabilities at the year end.

10. Contingent Assets

The Scheme, following a final settlement agreement in June 2019, is still due to receive a balance of £61,966 from Mr Mcauley. It was intended that this be paid by the end of 2019 from assets realised on the sale of Mr Mcauley's buy to let property portfolio. Dalriada retains a freezing Order over those assets. Dalriada received £21,221 in April 2021 in part payment of the amount due. However, there remains some uncertainty around the payment of the outstanding amount and Dalriada and its lawyers continue to be in negotiation with Mr Mcauley. It is expected that matters will be concluded early in 2022.

11. Subsequent Events

To the extent that the Scheme may have been used as a vehicle for pension liberation, members may be liable for unauthorised payment tax charges and the Scheme, in turn, liable for corresponding Scheme Sanction Charges. We are not aware that HMRC have levied such charges but it remains a possibility.

**Merseyside Care Retirement Benefits Scheme
Notes to the Financial Statements**

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.

13. Self investment

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

**Merseyside Care Retirement Benefits Scheme
Summary of Contributions**

During the year ended 30 June 2021 no contributions were due or paid to the Scheme.

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited 

Date..... 31/01/2022

Independent Auditor's Statement about Contributions to the Trustee of the Merseyside Care Retirement Benefits Scheme

We have examined the summary of contributions to the Merseyside Care Retirement Benefits Scheme for the Scheme year ended 30 June 2021 to which this statement is attached.

Statement about contributions payable under the Scheme rules

In our opinion contributions for the Scheme year ended 30 June 2021 as reported in the summary of contributions and payable under the Scheme rules have in all material respects been paid at least in accordance with the Scheme rules.

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 Scheme rules. 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 Scheme rules.

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for securing that a payment schedule is prepared, maintained and from time to time revised 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 Scheme rules and to report our opinion to you.

Use of our report

This report is made solely to the Trustee, as a body in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Johnston Carmichael LLP
Statutory Auditor

227 West George Street
Glasgow G2 2ND

Date: *31 January 2022*

Merseyside Care Retirement Benefits Scheme Compliance Statement

Changes in and other matters relating to the Scheme advisers

Any changes to Scheme advisers are listed in the "Principal Employer and Advisers to the Scheme" section on pages 3 and 4.

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: 0800 731 0193
Website: <https://www.gov.uk/find-pension-contact-details>

The Money and Pensions Service (MaPS)

The Money and Pensions Service creates one organisation from the three existing providers of government-sponsored financial guidance:

- The Money Advice Service
- The Pensions Advisory Service
- Pension Wise

The Money and Pensions Service brings together for the first time the provision of debt advice, money guidance and pensions guidance. For pensions guidance the Money and Pensions Service will provide information to the public on matters relating to workplace and personal pensions. From 30 June 2021, the new consumer-face of MaPS is Money Helper.

Telephone: 0115 965 9570

Email: pensions.enquiries@moneyhelper.org.uk

Website: www.moneyhelper.org.uk

The Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved under the IDRP, 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 Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
E14 4PU
Telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk
E-mail: enquiries@pensions-ombudsman.org.uk

**Merseyside Care Retirement Benefits Scheme
Compliance Statement**

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 1011
Website: www.thepensionsregulator.gov.uk
E-mail: customersupport@tpr.gov.uk

Merseyside Care Retirement Benefits Scheme Appendix 1

Merseyside Care Retirement Benefits Scheme (“the Scheme”) Annual Governance Statement by the Chair of the Trustee for the Scheme Year Ending on 30 June 2021

Introduction and background

This statement has been prepared in accordance with regulation 23 the Occupational Pension Scheme (Scheme Administration) Regulations 1996, as amended (the “Administration Regulations”), and guidance from the Pensions Regulator (“TPR”).

It relates to the Merseyside Care Retirement Benefits Scheme.

Consideration has also been given to TPR’s ‘A quick guide to the chair’s statement’ and to the Department for Work and Pensions guide on ‘Reporting of costs, charges and other information’, both published in September 2018.

This statement covers the period from 01 July 2020 to 30 June 2021.

The statement will be published on a website made available to members.

Matters in relation to the Scheme are considered by a dedicated subcommittee of the Dalriada Board which meets quarterly. Issues are also considered on an ad hoc basis between committee meetings and the Scheme has a dedicated client manager, alongside a project manager, who ensures anything requiring attention by the subcommittee is communicated, and acted upon, in a timely manner.

As we have communicated previously, Dalriada was appointed as Independent Trustee of the Scheme by Court Order on 19 September 2013. The powers and duties exercisable by Dalriada in its capacity as trustee are to the exclusion of any other trustees of the Scheme. Whilst the two previous individual trustees were not removed at the time, Dalriada Trustees Limited (“Dalriada”) was appointed with exclusive powers.

The Scheme was suspected of being used as a vehicle to allow members under the minimum retirement age of 55 to access their pension funds by way of a loan or some other form of cash inducement.

Dalriada established that of the funds paid into the Scheme, £1,390,000 was invested in a Guernsey-based company, Arterial Distribution Ltd. A further sum in excess of £251,000 was loaned to Innovation PS Limited, a company operated by one of the former trustees, Mr Mcauley. This was only later claimed by Mr Mcauley to be a loan and not made clear to Dalriada at the time it was appointed even though Mr Mcauley provided a sworn affidavit to Court.

A further sum of £34,670 was loaned to Mr S Simmons and, as a result of legal action taken by Dalriada, this amount has been recovered in full with interest.

The money paid to Arterial purported to relate to an investment in a company developing a pharmaceutical diagnostics tool. Dalriada and its legal advisers have been in communication with Arterial and their legal advisers (as well as two other Arterial companies, Arterial Capital Management Limited and Arterial HPV Limited, also based in Guernsey) to try and understand the investment better but have little understanding of the value of the investment, or even if it has any value at all. It appears that this is a very high risk investment and not appropriate for the Scheme. At best, it could take a long time before any money is paid back to the Scheme and, at worst, there may be significant losses.

Because there was no explanation for the loan payments to Innovation PS Limited and Mr S Simmons initially, Dalriada instructed its legal advisers to seek a freezing order from the Court against Innovation PS, Mr Mcauley, his wife and Formby Playsports Limited, another company operated by Mr Mcauley that had received some of the money paid to Innovation PS Limited. Dalriada did this on an urgent basis and without notice to any of the other parties in order to ensure that funds were protected if a freezing order was granted.

The freezing order was granted by the Court at a hearing on 14 February 2014 and the money loaned to Innovation PS Limited was ultimately repaid in full, with a further payment as contribution towards the cost of the legal action and lost interest.

Subsequently, Dalriada concluded that there was a basis to pursue recovery of funds paid to Arterial as well, given Mr and Mrs Mcauley had not obtained any investment advice when entering into the agreements with that entity. Dalriada commenced further Court proceedings alleging that Mr and Mrs Mcauley had acted in breach of trust in making the payments to Arterial.

Dalriada sought summary judgment (i.e. that the Court considered the claim so strong as to not justify the need for full legal proceedings as any defence had little prospect of success) and obtained summary judgment in relation to about half the sum given a query over the liberated amount.

An initial settlement was reached in February 2018 for £373,496. This figure was increased to £381,136 by a variation to the settlement agreement made in May 2018, following Mr Mcauley's failure to pay the sum due. Whilst the Scheme received a payment of £142,301 it became clear that Mr Mcauley was not going to be able to pay the balance due. In June 2019, Dalriada reached a final settlement agreement for £212,214, to be payable immediately, this was received into the Scheme on 2 July 2019, plus a further £61,966 due to be paid before the end of 2019, on the sale of Mr Mcauley's buy to let portfolio. This final settlement was felt likely to generate a greater return to the Scheme than the alternative of looking to pursue Mr Mcauley into bankruptcy.

In April 2021, Dalriada received a further £21,221 in part payment of the amount due. There remains some uncertainty around the payment of the outstanding amount and Dalriada and its lawyers continue to be in negotiation with Mr Mcauley. It is expected that matters will be concluded early in 2022.

As is set out in our November 2020 Announcement to members, Dalriada has also been working with the Pension Protection Fund ("PPF") to seek clarification around the operation of the Fraud Compensation Fund ("FCF"). The FCF is open to claims by occupational pension schemes that have suffered a loss as a result of an act of dishonesty. It has been determined as a result of a court case brought the Board of the PPF in July 2020 that the Scheme is, in principle, eligible to make a claim on the FCF.

Dalriada has been working, and will continue to work, with the PPF with regard to a potential claim by the Scheme. However, at this time, we do not know whether any claim will ultimately be successful.

Ultimately, it is Dalriada's intention that the Scheme be wound up and members will be offered the option to transfer any remaining benefits to alternative pension arrangements.

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. Where it cannot meet certain governance obligations, I have explained why that is the case.

Default arrangement

A number of requirements of the Administration Regulations, which are referred to in this statement, relate only to a "default arrangement" as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The Scheme does not have a default fund for ongoing accrual. It is not a qualifying scheme within the meaning given by section 99 of the Pensions Act 2008.

It is not, nor ever has been, used to meet any auto-enrolment obligations and no regular contributions are being, or ever have been, paid into the Scheme. The Scheme's assets were made up solely by way of member transfer payments into the Scheme.

The Scheme does not offer a Default Lifestyle Strategy.

The Scheme did not offer members any choice as to how their funds were invested. Besides the investment detailed above, Dalriada understands no further investments were made. As such, in Dalriada's view, there has never been an appropriate default investment arrangement.

There is no life-styling option available.

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

Statement of Investment Principles

Ordinarily, trustees should prepare a statement of investment principles ("SIP") governing decisions about investments.

No serviceable SIP existed for the Scheme prior to Dalriada's appointment. As the Scheme has fewer than 100 members it is not a legal requirement to produce a SIP.

The Scheme currently holds a limited amount of liquid assets. In the event of material recoveries, Dalriada will take further advice to determine a suitable investment strategy.

Subject to any FCF application for compensation, it is Dalriada's ultimate intention to wind up the Scheme as soon as it is able, giving members the opportunity to transfer any remaining funds to a more suitable arrangement of their choice.

Copies of the Scheme's Report and Accounts are published on the members' website. The Scheme's Report and Accounts include the latest Chair Statement.

Review of default strategy and default arrangements

There is no default investment arrangement or default investment strategy in place for the Scheme at the current time. As such, there has been no review of the default arrangement or default strategy in the year in question and no previous review for which a date can be given.

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 in 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, to date, as to the prospects of their being any future recoveries and, ultimately, whether or not a claim on the FCF is likely to be successful.

The Financial Transactions the Scheme does make are, in the main, in relation to costs. These are reported in the Scheme's annual Report and Financial Statements.

Unsurprisingly, Dalriada has been unable to carry out routine administrative actions, subsequent to our appointment, for the Scheme, over the reporting period. Therefore, there have been no other material administration service issues which need to be reported here.

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. Dalriada's administration processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

Once Dalriada is able to process member benefit requests, these will be managed and monitored in line with Dalriada's standard SLA levels and targets and formally reported on, on a quarterly basis.

In addition, acknowledging that we need accurate member data for the processing of member benefits, Dalriada will carry out an analysis of 'common data' and 'scheme specific data' (as defined by TPR). This helps us to ensure the integrity of member data that is processed.

We perform regular bank reconciliations for all scheme bank accounts. The purposes of these reconciliations are to ensure that all transactions processed through the bank accounts (money in and out) can be accounted for. Any transactions which cannot be accounted for are investigated and corrected if required.

Charges and Transaction Costs

The governance rules require the Trustee to assess investment management charges and transactions costs borne by the Scheme members and the extent to which those charges and costs represent good value for money for members.

The Trustee has calculated the charges and, so far as they were able to do so, the transaction costs, borne by Scheme members for the Scheme Year.

In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs.

"Transaction costs" are costs incurred for the buying, selling, lending or borrowing of investments.

Dalriada has deviated from the approach set out in the statutory guidance for the reasons set out below.

There have been no transactions since Dalriada's appointment. Dalriada has not accepted any payments into the Scheme, either by way of contribution or transfers in meaning there have been no transaction costs.

However, under the terms of its appointment, the fees of Dalriada and its advisers are met from Scheme funds. Whilst these costs (or "charges") fall as debt due from the employer (or sponsor).

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.

These costs for the year ending 30 June 2021 (including trustee fees and legal and other professional fees) are set in the Accounts and total: £48,670 (incl. VAT).

Dalriada has set out in its Announcements to members the actions it has taken to pursue recovery of the Scheme's assets. Generally, actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, have centred on legal advice around the allocation and realisation/recovery of funds.

"Good value" assessment of charges and transactions

Generally, trustees should assess the extent to which the charges described above represent "good value" for members during the scheme year, by considering the level of member borne charges against the benefits attributable to such charges.

Whether something represents “good value” is not capable of being precisely defined, but for these purposes, trustees should consider that charges may be viewed as representing “good value” for members where an optimum combination of cost and quality is achieved for the collective membership, relative to other options available in the market.

The characteristics of the Scheme are unusual and there are no readily available comparators to determine whether the costs incurred represent good value.

However, the actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, have been, as commented above, centred on potential recovery of funds.

Dalriada was appointed following a tender exercise by the Pensions Regulator (TPR) and Dalriada is subject to ongoing oversight by TPR.

Dalriada’s costs (both for ongoing management and action taken to recover funds) are calculated using a blended charging rate that sits well below its standard market rates. Its legal advisers operate on a similar basis.

As commented above, 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 able to operate in the manner of a normal scheme. Dalriada’s administration processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

Once Dalriada is able to process member benefit requests these will be managed and monitored in line with Dalriada’s standard SLA levels and targets and formally reported on a quarterly basis.

Dalriada is required to advise members of the cumulative effect over time of the application of charges and costs on the value of a members’ accrued rights to money purchase benefits. However, due to the nature of Dalriada’s appointment, the uncertainty as to the value of the Scheme’s assets and the uncertainty as to both Dalriada’s and its adviser’s fees this is not possible to do currently. When Dalriada is in a position to do so, it will advise members.

Trustee knowledge and understanding

The Trustee has considered the latest guidance in relation to Chairman’s Statements from The Pensions Regulator and has ensured that its practices reflect the requirements set out. I have set out below how the Trustee ensures it currently meets the knowledge and understanding requirements of trustees.

Dalriada is an independent professional trustee, established in 2003, which has been appointed by The Pensions Regulator under section 7 of the Pensions Act 1995 to a number of schemes as a result of The Pensions Regulator having concerns about the nature and operation of those schemes and the extent to which the then current trustees understood their statutory and fiduciary duties and responsibilities. Dalriada refers to such schemes as “Regulatory Appointments”. The Scheme is a Regulatory Appointment.

Dalriada has established a specialist team drawn from various relevant disciplines within Dalriada to manage the governance of these Regulatory Appointments which we have called the Irregular Schemes Team.

A dedicated committee (the Irregular Schemes Committee – ‘the Committee’) has been established by the Board of Directors of Dalriada to oversee the activities of the Irregular Schemes Team in its governance of this Scheme and other Regulatory Appointments. Care has been taken to ensure that the membership of the Committee is such that there is sufficient knowledge and understanding within the Committee to meet the requirements set out in sections 247 and 248 of the Pensions Act 2004 and The Pensions Regulator’s Code of Practice 7 on Trustee Knowledge and Understanding.

I have set out below the membership of the Committee, along with a short note on their skill set and experience. In addition, it is worth noting that three members of the Committee are directors of

Dalriada Trustees Limited. Dalriada operates a team based approach which gives the Regulatory Appointments Team access to over 120 pensions and support personnel with a broad skill set suited to identifying and implementing the variety of tasks required to successfully manage the Scheme, including pension administration experts, an in house legal team, fund accountants and investment experts. Whilst the core Irregular Schemes Team deals with the majority of matters arising on the Scheme on a day to day basis, in conjunction with its appointed advisers, it can access the specialist expertise of the wider Dalriada team as and when required.

As far as we are aware, no other professional independent trustee firm has established and developed a specialist team in this difficult and challenging area of trusteeship. The relevant experience developed by the Irregular Schemes Team on such cases is unmatched and unrivalled.

The Committee

Sean Browes

Sean has been working in the pensions industry since he graduated in 1988. He worked for two major benefit consultancies in both administration management and consultancy roles, before joining Dalriada in 2003. Sean has a broad range of skills and experience suited to all areas of pension scheme management.

Sean leads the Irregular Schemes Team, dealing with Dalriada's appointments by The Pensions Regulator to schemes suspected of being involved in pension liberation or thought to be scams. He now has a wealth of experience and knowledge with regard to the unique characteristics associated with the administration and management of these types of scheme and the challenges they present.

Sean is a fully accredited member of the Association of Professional Pension Trustees, has completed the Regulator's Trustee Toolkit and holds the Pensions Management Institute's Certificate in DC Governance and Award in Pension Trusteeship (DC and DB). Sean has met all required CPD requirements.

Neil Copeland

Neil is a co-founder and director of Dalriada Trustees Limited. He acts as an Accredited Professional Trustee on some of our most complex and challenging cases, including our regulatory appointments. Neil specialises in schemes with technically challenging governance and covenant issues, as well as having over 25 years of experience in relation to defined benefit, hybrid, defined contribution, multi-employer and sectionalised arrangements.

Neil is the Dalriada Board representative for the Irregular Schemes Team and spends a significant proportion of his time working on Regulatory Appointments. Like Sean, Neil has developed considerable experience of the complex and non-standard issues faced by the Dalriada team in managing the Regulatory Appointments. This has included acting as a witness in high profile litigation in relation to Regulatory Appointments in support of The Pensions Regulator and representing Dalriada in oral hearings before the Determinations Panel where Dalriada's appointment by The Pensions Regulator has been challenged by the incumbent trustees or other directly affected parties.

Neil is a fully accredited member of the Association of Professional Pension Trustees, has completed the Pensions Regulator's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Neil has met all required CPD requirements.

Tom Lukic

Tom is also a director of Dalriada Trustees Limited and leads the Dalriada business across the Midlands. He has broad pensions experience with particular expertise in employer covenant and

corporate transactions. He has worked with a range of trustee boards managing scheme assets from c£5 million to more than £1 billion. Similarly, he is experienced in working with a broad spectrum of sponsoring employers from small, owner managed businesses through to much larger and complex groups being either privately owned or fully listed.

Tom's experience, both as an adviser and as an Accredited Professional Trustee, provides particular insight into corporate structures and insolvencies. Where the Scheme's investments include shares and/or bonds in, or issued by, corporate entities understanding the accounting and financial structures of these entities is essential and Tom provides a wealth of experience in this area.

Tom is a fully accredited member of the Association of Professional Pension Trustees, has completed the Regulator's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Tom has met all required CPD requirements.

Brian Spence

Brian is a co-founder and director of Dalriada Trustees Limited. He is now involved in the provision of a wide range of advice to pension scheme sponsors and trustees. Brian is well-known in the pensions industry for taking a strategic view in dealing with pension scheme matters and uses his experience to deliver practical solutions which satisfy the needs of the Trustees, the employers and other stakeholders. Brian is recognised by The Pensions Regulator and the pensions industry as an expert in dealing with contentious and/or complex issues. He is a lead contact and "key person" for a number of high profile trustee appointments.

In addition, Brian has practical experience of working as an Accredited Professional Trustee in all three major legal jurisdictions of the UK and as a Professional Trustee and advisor in Ireland. Brian has held a UK Scheme Actuary Practising Certificate since inception of the role in 1997.

Brian has an in depth knowledge of legal processes, particularly around testing points of legal principle related to the operation of pension schemes, often as a result of deficiencies in scheme documentation (a common issue with Regulatory Appointments) and, also, litigation – where it is cost effective to do so, Dalriada will look to take legal action against the perpetrators of a scam with the aim to recover misappropriated assets.

Brian is a fully accredited member of the Association of Professional Pension Trustees, has completed the Pensions Regulator's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Brian has met all required CPD requirements.

Amanda Banister

Amanda is a professional trustee with a wealth of experience in the pensions industry. Before joining Dalriada, Amanda was a pensions partner in a global law firm. She also spent three years in-house at the Pension Protection Fund in its early years, shaping its legal approach and gaining wide experience in pensions policy and insolvency/restructuring. After leaving, she continued to advise the PPF on some of its highest profile and most complex matters. Amanda's experience of working with and advising the PPF is a valuable asset to the Committee, as is her significant experience of contentious pensions issues, including Pensions Ombudsman disputes. Amanda also has a strong governance and risk management skillset, with an ability to solve testing problems, which are strongly aligned with the work of the Committee and Regulatory Appointments in general.

Amanda is a qualified solicitor, has completed TPR's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship. Amanda has met all required CPD requirements.

Gino Rocco

Gino performs the role of an Accredited Professional Trustee in relation to all aspects of pension law focusing in particular on defined benefit and defined contribution pension schemes that range in size from the small to the very large.

A solicitor admitted to practice in England and Wales and a Member of the Association of Pension Lawyers, Gino has over 15 years' experience gained at City and National Firms as well as a leading pension consultancy practice.

Gino's experience includes complex benefit interpretation issues, scheme equalisation and benefit rectifications. He has detailed experience of pensions issues arising under TUPE transfers and the Fair Deal protections where employees are transferred from the public (in particular LGPS and NHSPS) to the private sector.

Gino is a fully accredited member of the Association of Professional Pension Trustees, has completed the Pensions Regulator's Trustee Toolkit and holds the Pensions Management Institute's Award in Pension Trusteeship (DC and DB). Gino has met all required CPD requirements.

Knowledge of the trust deed and rules and all documents setting out the trustee's current policies

The Scheme has a dedicated client manager who has an in depth knowledge of the Scheme and its governing documentation. At the point of becoming an Independent Trustee to the Scheme, a prescribed take on process was followed. This included an assimilation and review of all the relevant Scheme documentation, including the trust deed and rules. The Committee is made aware of any issues or risks in relation to the Scheme's trust deed and rules as and when they arise and appropriate action agreed in relation to the issue or risk identified. In addition to the knowledge held by the client manager and lead Professional Trustee, the trustees obtain legal advice in relation to the Scheme's documentation, where necessary.

There have been no new trustees introduced in this reporting period. However, there is an appropriate induction process in place to support new trustees.

A working knowledge of the current Statement of Investment Principles (SIP)

As is set out earlier, the Scheme does not have a SIP at this time due to the particular circumstances of the Scheme.

Sufficient knowledge and understanding of the law relating to pensions and trusts and understanding of the principles relating to the funding and investment of occupational schemes

Those Dalriada staff working on the Scheme, including the lead Professional Trustee, are obliged to self evaluate their learning and development requirements on an annual basis as part of Dalriada's internal appraisal process. The process identifies how staff can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Scheme. Dalriada staff are also required to comply with their respective training requirements in order to maintain a required level of continuing professional education (CPE) and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPE requirements.

Every Professional Trustee is required to undertake a minimum number of hours training in a year. This is recorded centrally by Dalriada's HR Team and, where appropriate, forms part of staff personal development plans. This training can include internal and external courses and attendance at industry events, as well as a degree of self learning by way of subscriptions to professional publications and electronic information channels.

Further, every Professional Trustee is required to complete The Pensions Regulator's Trustee Toolkit and subscribes to the updates issued by The Pensions Regulator.

Professional Trustees belong to Dalriada's knowledge management network which keeps them up to date with industry thinking. They also have access to a team of in house pensions experts who inform the team about changes to pensions legislation and practices.

The trustees have access to Pendragon Perspective and Aries - both industry leading tools, giving access to pension legislation.

Dalriada has its own in house legal specialists to provide support and guidance to trustees around legislation and interpretation of scheme documentation. This is further aided by advice from external legal advisers, which is obtained when the trustees feel the reinforcement is necessary to support their own understanding.

Combined knowledge and understanding, together with available advice enables the trustees to properly exercise their function

Dalriada has informally assessed the skill set and experience of each member of the Committee and the client team. It has taken into account the development activities already mentioned, along with the internal resources made available to staff, supplemented, where required, by professional external advice.

The Committee understands the need to more formally assess the skills of its members. This is done using a skills matrix developed for this purpose. Any areas for development flagged during this process will be addressed as part of the individual's personal development plan and reviewed throughout the year.

An evaluation of the effectiveness of the Committee as a whole is also carried out.

I consider that the combined knowledge and understanding of the Committee and the client team enables them to exercise properly their function as trustee of the Scheme. In particular:

- Members of the Committee have the relevant financial knowledge and experience to enable the trustee to comply with its duties in relation to investment of the Scheme's assets. Tom Lukic's experience (see above) in particular is advantageous in this area.
- There is a vast range of pensions experience and knowledge within the Committee and the client team. This is appropriate to deal with the governance of the Scheme in line with the trust deed and rules, along with other Scheme documentation. There is also a great deal of experience relevant to dealing with issues which might be thrown up by the Scheme which require the amendment of Scheme documentation.
- Sean Browes, Neil Copeland and Brian Spence have a great deal of knowledge and experience in relation to schemes of complex nature, such as this Scheme, where investments made by previous trustees are deemed to be highly inappropriate, their administration has been poor and / or the trustees have not had the sufficient knowledge and understanding to be trustees of an occupational pension scheme.
- Sean Browes and Neil Copeland have many years of experience in the administration of pension schemes, allowing a keen oversight of the administration of the Scheme.

Member Representation

Dalriada is aware that members of the Scheme are potential victims of a scam. As such, we look to keep members informed and to facilitate direct access for members to Dalriada by means of a:

- Dedicated member website

- Dedicated contact e-mail address
- Dedicated phone line.

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

Agreed as final version by the Chair of the
Trustee of the Merseyside Care Retirement
Benefits Scheme

Dated: 22 January 2022