

Dalriada. A better way

Cranborne Star Pension Scheme

**Report and Financial Statements
For the year ended 31 May 2019**

Registration number: 12003826

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Cranborne Star Pension Scheme
Principal Employer and Advisers to the Scheme

Trustees

Athena Pension Services Limited "the original trustee"
Dipford House, Queens Square
Huddersfield Road
Honley
Holmfirth, HD9 6QZ

Dalriada Trustees Limited
Linen Loft
27 - 37 Adelaide Street
Belfast
BT2 8FE

Principal Employer

Cranborne Star Limited (Dissolved 13 May 2014)
Scotgate House, 2 Scotgate Road
Honley
Holmfirth
HD9 6GD

Administrator

Dalriada Trustees Limited
Linen Loft
27 - 37 Adelaide Street
Belfast
BT2 8FE

Auditor

RSM UK Audit LLP (removed: 25 October 2018)
Number One
Lanyon Quay
Belfast
BT1 3LG

Johnston Carmichael LLP (appointed: 26 September 2018)
Statutory Auditor
227 West George Street
Glasgow
G2 2ND

Dalriada. A better way

Cranborne Star Pension Scheme
Principal Employer and Advisers to the Scheme

Legal Adviser

Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

Bankers

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

**Cranborne Star Pension Scheme
Trustees' Report**

Introduction

The Trustees of the Cranborne Star Pension Scheme ("the Scheme") are pleased to present their report together with the audited financial statements for the year ended 31 May 2019. The Scheme is a defined contribution scheme.

The Scheme was established on 26 January 2011, 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 are treated as non-protected rights benefits. Individuals who were contracted out automatically began to accrue benefits under the S2P from 6 April 2012.

The Annual Governance Statement included as Appendix 1 and the Compliance Statement set out on page 22 forms part of this report.

Scheme management

The Trustees are

Athena Pension Services Limited.
Dalriada Trustees Limited.

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

The directors of Dalriada Trustees Limited are D N Copeland, C M Johnstone, A B Kennett, T Lukic, C J Roberts (appointed 18 October 2019), B D Spence and V Vassou (appointed 18 October 2019). 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 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 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, Linen Loft, 27 - 37 Adelaide Street, Belfast, BT2 8FE or by download from the members' website page <http://www.dalriadatrustees.co.uk/Ark> or via email request to arkadmin@dalriadatrustees.co.uk

**Cranborne Star Pension Scheme
Trustees' Report**

Financial development of the Scheme

The financial statements of the Scheme for the year ended 31 May 2019 are set out on pages 14 to 19; the Trustees' summary of contributions and the Auditor's statement about contributions are set out on pages 20 and 21. 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 £2,904,965 at 31 May 2018 to £2,781,707 at 31 May 2019.

Transfers at less than cash equivalent

No transfer values were paid during the year.

Membership

As at 31 May 2019, 86 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.

	Active	Deferred	Pensioner
Membership at 01/06/2018	-	86	-
Membership at 31/05/2019	-	86	-

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.

Changes to the Scheme auditor

The Trustees appointed Johnston Carmichael LLP as Scheme auditor with effect from 26 September 2018.

Following the resignation of RSM UK Audit LLP as the auditor with effect from 25 October 2018 they reported that there were no circumstances connected with their resignation which in their opinion significantly affected the interests of the members or prospective members of, or beneficiaries under, the Scheme.

Governance and Risk Management

Following their appointment, Dalriada 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 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.

**Cranborne Star Pension Scheme
Trustees' Report**

Dalriada 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 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.

Similarly, no proper accounting records appeared to have been kept.

Since appointment, Dalriada has put in place a more robust administration database. Further, Dalriada has created appropriate accounting records the information from which underpins the accounts appended to this Report and which have been independently audited.

Dalriada were of the opinion that the front end administration charges taken by Ark Business Consulting were not appropriate and commenced separate legal proceedings in an attempt to recover at least a proportion of those monies, obtaining a freezing order at the outset of proceedings. It became evident that the funds taken by Ark were transferred to, and spread amongst a large number of introducing companies prior to Dalriada's appointment as Trustee. Ultimately it was determined not to be cost effective to continue pursuing the claim against the Ark LLPs. A settlement was reached in early 2017 with the Ark LLPs with regards to Dalriada's claim and, also, a counterclaim by the Ark LLPs for outstanding fees.

Dalriada 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 was aware, and made members aware, that HMRC were likely to look to levy tax charges as a result of the MPVA payments. HMRC subsequently issued unauthorised payment charges on members and also Scheme Sanction Charges on the Scheme itself. 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. Dalriada has appealed the Scheme Sanction Charges. It has not been possible, to date, 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. Nevertheless, whilst progress has been made over the course of the last year, it is likely to be the second half of 2020 at the earliest before the appeal is heard in the Tax Tribunal.

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 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.

**Cranborne Star Pension Scheme
Trustees' Report**

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 address arkadmin@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 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 is regarded as 'Controller' for the purposes of the Regulations, in relation to the process referred to above. The advisers appointed by Dalriada are usually 'Processors', however, some advisers, such as 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.

Investment report

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

Further, there was, at outset, 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.

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. The loans to members were found to be by the court to be in breach of the Trustees' investment powers and were deemed void. Dalriada is now working to recover the loans as best it can, subject to direction of the Court.

With regard to various other property investments, Dalriada has undergone its own research and its findings 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 were told units would be listed and, in theory, tradable on the Channel Island stock exchange. Dalriada 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 were asked to complete paperwork to take ownership of the shares. HYPER entered voluntary liquidation in November 2012. Dalriada continued 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 was/what exit options might be available. Dalriada entered into settlement negotiations with Affinity and, ultimately, a final settlement sum was agreed that included repayment of all of the original investment plus an additional amount for lost interest. In total £1,552,946 was recovered in late 2017, to be split across the four Ark schemes that invested in Affinity.

**Cranborne Star Pension Scheme
Trustees' Report**

Entrepreneurs Capital Holdings

Dalriada 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's 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 had reservations about this, given the state of the property market in Cyprus.

Dalriada reached an agreement 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.

No further investments are held by the Scheme.

Custodial arrangements

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

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.

**Cranborne Star Pension Scheme
Trustees' Report**

Statement of Trustees' 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 Trustees. Pension scheme regulations require, and the Trustees are 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 its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; 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, including making 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 Trustees are 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 Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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

The Trustees are 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 Principal Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Principal Employer in accordance with the payment schedule. Where breaches of the schedule occur, the Trustees are 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 Trustees

For Dalriada Trustees Limited.....

Date..... 23/12/2019.....

Cranborne Star Pension Scheme
Independent Auditor's report to the Trustees

Qualified Opinion

We have audited the financial statements of Cranborne Star Pension Scheme (the 'Scheme') for the year ended 31 May 2019 which comprise the fund account, the statement of net assets and notes to the financial statements, including a summary of 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 May 2019, 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 Qualified Opinion

Included within current assets, in note 5 are MPVA assets of £1,573,974 at both 31 May 2019 and 31 May 2018. As explained in note 5 to the financial statements, the Scheme's Trustees could not establish the recoverability of MPVA current assets as at 31 May 2018 and 31 May 2019. Due to the current status of legal proceedings, we were unable to obtain sufficient appropriate audit evidence about the recoverability and so the carrying value of the Scheme's MPVA assets as at 31 May 2018 and as at 31 May 2019 by using alternative audit procedures. We were also unable to obtain sufficient appropriate audit evidence about the accuracy of the £nil value of a potential impairment in the carrying amount of the MPVAs during the year ended 31 May 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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's 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 qualified opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Cranborne Star Pension Scheme
Independent Auditor's report to the Trustees

Other information

The Trustees are responsible for the 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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 10, the Scheme's Trustees are 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 Trustees determine 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 Trustees are 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 Trustees either intend to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional skepticism 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 Trustees.

**Cranborne Star Pension Scheme
Independent Auditor's report to the Trustees**

- Conclude on the appropriateness of the Trustees' 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.

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.

Use of our report

This report is made solely to the Scheme's Trustees, 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 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 or assume responsibility to anyone other than the Scheme's Trustees 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: *23 December 2019*

**Cranborne Star Pension Scheme
Financial Statements**

For the year ended 31 May 2019

Fund Account

	Note	2019 £	2018 £
Contributions and benefits			
Administrative expenses	3	<u>(128,959)</u>	<u>(221,009)</u>
		<u>(128,959)</u>	<u>(221,009)</u>
Net withdrawals from dealings with members		<u>(128,959)</u>	<u>(221,009)</u>
Returns on investments			
Investment income	4	5,701	1,045
Change in market value of investments		-	<u>550,364</u>
Net returns on investments		<u>5,701</u>	<u>551,409</u>
Net (decrease)/increase in the fund for the year		(123,258)	330,400
Net assets at 1 June 2018		2,904,965	2,574,565
Net assets at 31 May 2019		<u><u>2,781,707</u></u>	<u><u>2,904,965</u></u>

The notes on pages 16 to 19 form an integral part of these financial statements.

**Cranborne Star Pension Scheme
Financial Statements**

**Statement of Net Assets
(available for benefits) as at 31 May 2019**

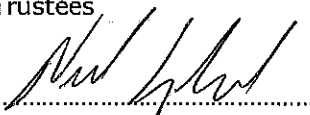
	Note	2019 £	2018 £
Current assets	5	3,489,319	3,617,334
Current liabilities	6	(707,612)	(712,369)
Net assets at 31 May 2019		2,781,707	2,904,965

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 16 to 19 form an integral part of these financial statements.

These financial statements were approved by the Trustees and authorised for issue on 23/12/2019

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited.....

**Cranborne Star 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.

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.

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 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.

MPVAs

MPVAs are a number of unsecured and unauthorised loans made to members of other pension schemes under the wrapper of 'Maximising Pension Value Arrangements' (MPVAs).

MPVAs are initially accounted for at transaction price and are subsequently valued at transaction price less any loans which have been part or fully repaid by members.

At present Dalriada is unable to estimate any provision for impairment to the balance.

**Cranborne Star Pension Scheme
Notes to the Financial Statements**

3. Administrative expenses

	2019	2018
	£	£
Audit fees	2,820	3,990
Legal fees	80,461	172,907
Pensions Regulator Levy	-	268
Trustee fees	46,756	43,827
Other professional fees	(1,078)	17
	128,959	221,009

4. Investment income

	2019	2018
	£	£
Interest on cash deposits	5,701	1,045
	5,701	1,045

5. Current assets

	2019	2018
	£	£
Sundry debtors	13,104	566,801
MPVA's	1,573,974	1,573,974
Cash balances	1,902,241	1,476,559
	3,489,319	3,617,334

Included in the bank balance is £1,902,241 (2018: £1,476,559) which is not allocated to members.

The previous Trustee/administrators did not make any allocation of funds when members transferred in. Consequently, Dalriada 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.

MPVA's

	Value at 01/06/2018	Purchases at cost	Sale proceeds	Change in market value	Value at 31/05/2019
	£	£	£	£	£
MPVA	1,573,974	-	-	-	1,573,974
	1,573,974	-	-	-	1,573,974

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

Subsequent to their appointment Dalriada did not make any further MPVA payments (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 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.

**Cranborne Star Pension Scheme
Notes to the Financial Statements**

Dalriada sought direction from the Court as to the approach it should take with regard to the recovery of the MPVA loans and, following a hearing in the summer of 2017, it received direction that it was able to look to recover the MPVA loans. Dalriada, through its legal advisers, sought repayment or, otherwise, that members provided details as to their financial position and whether they were likely to be able to repay, either over a period of time, at some time in the future or ever. A further complication was that there were potential limitation issues and, as such, Dalriada looked to enter into standstill agreements to avoid having to commence legal action prior to direction from the Court. Whilst the majority of members did enter into standstill agreements, some didn't and Dalriada commenced legal action accordingly, obtaining default judgments in a number of cases. However, Dalriada will not look to enforce any judgment until such time as it has had further direction from the Court. Dalriada anticipates returning to Court for further directions which it is hoped will sanction Dalriada making an offer to members to be able to repay loans over a period of time. It had hoped to get back into Court in 2019. This did not happen for a number of reasons largely connected to the tax appeals and, also, a second application that is intended be made at the same time with regard to members joining the Scheme after Dalriada's appointment. It is now expected that this will be in 2020.

Dalriada has included as a debt an amount of £1,573,974, being the money paid out under these arrangements and now to be recovered from the recipients. As at 31 May 2019, £177,721 (2018: £177,721) had been recovered.

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

6. Current liabilities

	2019	2018
	£	£
Scheme sanction charge	(695,086)	(695,086)
Accrued expenses	(12,526)	(14,950)
Sundry creditors	-	(2,333)
	(707,612)	(712,369)

7. Related Party Transactions

During the year Trustee Fees of £46,756 (2018: £43,827) were due to Dalriada. As at 31 May 2019 £3,267 (2018: £2,464) was still due to Dalriada.

Funds were due from Lancaster Pension Scheme with regards to funds received from Ark Business Consulting as part of the settlement claim, the funds due as at 31 May 2019 were £nil (2018: £3,333). Funds were also due from the Lancaster Pension Scheme in connection with the Affinity settlement, the funds due as at 31 May 2019 were £nil (2018: £550,364). As at 31 May 2019 Scheme was due to pay Lancaster Pension Scheme £nil (2018: £2,333) in relation to legal fees paid by Lancaster Pension Scheme. These funds were all repaid on 23 November 2018.

Funds are due from the Lancaster Pension Scheme with regards to a transfer that was received into the Lancaster Pension Scheme in error, the funds due as at 31 May 2019 are £13,104 (2018: £13,104).

8. Contingent Liabilities

There were no contingent liabilities at the year end.

9. Subsequent Events

There were no reportable events after the year end.

**Cranborne Star Pension Scheme
Notes to the Financial Statements**

10. 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.

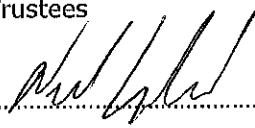
11. Self investment

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

**Cranborne Star Pension Scheme
Summary of Contributions**

During the year ended 31 May 2019 no contributions were due or paid to the Scheme.

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited.....

Date..... 23/12/2019.....

Independent Auditor's 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 Cranborne Star Pension Scheme

We have examined the summary of contributions to the Cranborne Star Pension Scheme for the Scheme year ended 31 May 2019 to which this statement is attached.

Statement about contributions payable under the payment schedule

In our opinion contributions for the Scheme year ended 31 May 2019 as reported in the summary of contributions and payable under the payment schedule have in all material respects been paid at least in accordance with the payment schedule and 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 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.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are 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 payment schedule and to report our opinion to you.

Use of our report

This report is made solely to the Trustees, 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 Trustees 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 Trustees 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: *23 December 2019*

Cranborne Star Pension Scheme Compliance Statement

Changes in and other matters relating to the Scheme advisers

During the year Johnston Carmichael LLP replaced RSM Audit UK LLP as the Scheme auditor; there were no other changes to the 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: 0800 731 0193
Website: <https://www.gov.uk/find-pension-contact-details>

The Money and Pensions Service

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.

Telephone: 0115 965 9570
Email: contact@maps.org.uk

Website: www.moneyandpensionservice.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

**Cranborne Star Pension 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

Cranborne Star Pension Scheme

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Cranborne Star Pension Scheme ("the Scheme")

Annual Governance Statement by the Chair of the Trustee for the Scheme Year Ending on 31 May 2019

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 related Pensions Regulator guidance.

It relates to the Cranborne Star Pension Scheme (the "Scheme").

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 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.

Whilst the previous trustees were not removed by the Pensions Regulator, Dalriada Trustees Limited (Dalriada) was appointed with exclusive powers so Dalriada is, effectively, the sole trustee of the Scheme.

The Scheme was used, principally, as a vehicle to allow members under the minimum retirement age of 55 to access 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 considers the MPVA loans to be unauthorised payments and, as a result, HMRC has 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).

Over the course of the scheme year, Dalriada has been working with its legal advisers and HMRC to prepare for the appeal hearing in the Tax Tribunal and we anticipate being in the Tribunal in 2020.

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

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 Administration Regulations. 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 used to meet any auto-enrolment obligations and no contributions are being paid into the Scheme.

The Scheme did not offer a Default Lifestyle Strategy.

Cranborne Star Pension Scheme

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The Scheme did not offer members any choice as to how their funds were invested. In Dalriada's view, there has never been an appropriate default investment arrangement. There is no life-styling option available.

Alongside the MPVA loans made to members of other schemes, funds were invested in unusual and high risk, unregulated investments.

One such investment was South Horizon Trading Limited (South Horizon), based in Cyprus. Ultimately, Dalriada reached an agreement with South Horizon that resulted in the 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.

Finally, the Scheme further invested in a property company based in Guernsey, Affinity Commercial LLP (previously ROM Capital Asset Management Limited). Dalriada has now negotiated settlement terms with Affinity and the full amount invested has been paid back to the Scheme plus an allowance for interest.

All recovered funds are held in cash.

The previous trustees made 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 Statement of Investment Principles exists for the Scheme.

Dalriada has taken appropriate advice to determine a suitable investment strategy for the ongoing investment of funds currently held in cash. It will look to implement that strategy over the course of the next scheme year and, also, put in place a suitable Statement of Investment Principles.

Due to the issues still facing the Scheme, principally the uncertainty surrounding taxation, the Scheme has adopted a low risk investment strategy to date and will continue to do so.

As the investments entered into by the previous trustees as well as the use of MPVA loans were unconventional, they did 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 sought direction from the Court as to the approach it should take with regard to the recovery of the MPVA loans and, following a hearing in the summer of 2017, is now looking to recover the loans accordingly. At this stage, some loans have been recovered but Dalriada now needs to go back to Court for further direction on the next stages of recovery of the loans.

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.

Copies of the Scheme's Report and Accounts are published on the members' website.

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Review of default strategy and default arrangements

As noted above, as there is no default arrangement or default strategy in place for the Scheme at the current time then 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 value of the Scheme's investments and the position with regard to the potential tax charges mentioned above. More information on this has been provided in Dalriada's Announcements to members.

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

Once Dalriada is in a position 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.

Charges and Transaction Costs

The new governance rules require the Trustee to make an assessment of 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.

We have calculated the charges and, so far as we have been 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 as a result of 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.

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Since its appointment, there have been no transactions as Dalriada has not accepted any payments into the Scheme, either by way of contribution or transfers in so there have been no transaction costs.

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.

These costs for the year ending 31 May 2019 are set in the Accounts and total £128,959.

"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 membership as a whole, 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, are centred on legal action around recovery of funds and dealing with the appeals against 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.

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 with regard to action around recovery of funds) are calculated using a blended charging rate that sits well below its standard market rates. Its legal advisers operate similarly.

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 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 in a position 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 relation to the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights to money purchase benefits, due to the nature of Dalriada's appointment, both Dalriada's and its adviser's fees are met using Scheme funds. Given that we are not in a position to determine the value of the Scheme's assets it is not possible to say what the cumulative effect of these costs is, generally, on members' accrued rights.

As soon as Dalriada is in a position to identify each individual's asset allocation, Dalriada will be able to determine the impact of costs on the value of members' benefits.

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

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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 (TPR) under section 7 of the Pensions Act 1995 to a number of schemes as a result of TPR 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 (TPR) 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 member of the Association of Professional Pension Trustees, has completed the Pensions Regulators 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.

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Neil Copeland

Neil is a co-founder and director of Dalriada Trustees Limited. He acts as a 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 TPR and representing Dalriada in oral hearings before the Determinations Panel where Dalriada's appointment by TPR has been challenged by the incumbent trustees or other directly affected parties.

Neil is a member of the Association of Professional Pension Trustees, has completed the Pensions Regulators 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 a professional trustee, provides particular insight into corporate structures and insolvencies. The Scheme's investments include shares and/or bonds in, or issued by, corporate entities where understanding the accounting and financial structures of these entities is essential.

Tom is a member of the Association of Professional Pension Trustees, has completed the Pensions Regulators 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 TPR 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 a trustee in all three major legal jurisdictions of the UK and as a 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.

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

Gino Rocco

Gino performs the role of professional trustee focusing on all aspects of pension law focusing 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 member of the Association of Professional Pension Trustees, has completed the Pensions Regulators 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 Trustee Representative, 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 the addition of 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 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 trustee representative, 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

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evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPE requirements.

Every trustee representative 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 trustee representative is required to complete The Pensions Regulator's Trustee Toolkit and subscribes to the updates issued by The Pensions Regulator.

Trustee representatives 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.

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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.

Where required for legal action, members have been represented by a representative beneficiary with their own legal advice provided for.

Signed for and on behalf of Dalriada Trustees Limited



Chairman

Date

13 December 2019