

Important Announcement to members of the following Pension Schemes (“The Schemes”)

Cranborne Star Pension Scheme
Grosvenor Parade Pension Scheme
Tallton Place Pension Scheme
The Lancaster Pension Scheme
The Portman Pension Scheme
Woodcroft House Pension Scheme

In this, our 9th Announcement, please see below for the latest update to members on a number of issues.

Schemes’ investments

Cyprus

In Dalriada’s announcement of October 2011, it gave members information regarding an investment made by the original trustees to purchase a company and investment plot in Cyprus, pursuant to which £4m was paid to a Cypriot company with a view to securing an option to buy the shares in the company that owns the plot of land near Larnaca. At the time of Dalriada's appointment, the company concerned was seeking a further £2.6m pursuant to the agreement in order to complete the purchase. Dalriada, as members may recall, expressed reservations about the project, given the state of the property market in Cyprus.

Dalriada is pleased to report that it has reached an agreement with the Cypriot company that will result very shortly in the sum of £4m, together with interest of £325,000, being returned to the accounts of the Schemes.

As part of the agreement reached, Dalriada has agreed to relay an apology made by the Cypriot company to its former director and that, further, the Cypriot company recognise his key role in the resolution of this claim.

The agreement reached is very good news for members of the Schemes as it has resulted in material funds being made available that can now be invested elsewhere.

Entrepreneurs Capital Holdings

Dalriada has still not received adequate responses to its enquiries into the value and security of this investment and is considering what steps it should now take.

Freedom Bay

There is little more we can report at this stage beyond Dalriada having been advised that the resort is now due to open in December 2014 (not 2013). We continue to monitor progress and are in regular contact with Freedom Bay. The contractual interest payments due whilst the resort is under construction have been received.

HYPER

You may recall that this amounted to a property unit trust, due to be listed on the Jersey stock exchange.

Dalriada has ascertained that the original promoters (ROM Capital) had experienced some problems in getting the trust listed and that ROM Capital had, on advice, decided to turn the fund into a limited company and issue shares.

Dalriada has been asked to complete paperwork to take ownership of the shares.

Dalriada is currently taking steps to verify that the Schemes' investment (just over £1m) was used to buy two properties, now owned by the limited company. The previous trustees were the sole investors.

Dalriada is also taking professional legal advice prior to completing the paperwork.

Previous trustees' application for permission to appeal

In our Announcement dated 8th November 2012 we advised that it was established that Athena and Minerva did not have the necessary standing to make the application for permission to appeal. As such, it was ordered by the Court of Appeal that the application for permission to appeal be adjourned, subject to an application being made by Athena and Minerva to Court to have a further representative beneficiary added to the proceedings.

Subsequently, Ms Deborah Oades submitted an application to be joined to the proceedings as a further representative beneficiary, effectively in place of Mr Faulds. She has additionally applied to have her costs met from the Schemes. Presently, Ms Oades and Athena and Minerva are all represented by solicitors DWF LLP, who are acting on the basis of conditional fee arrangements. Dalriada believes this means they will only receive payment in the event that the Court orders payment to be made from assets of the Schemes.

The application was lodged with the Court within the required 14 days (on 6th November) with a hearing originally listed for 30th November.

However it was not served on Dalriada's legal advisers until the 22nd November which was inadequate notice of the hearing. Further, the estimated time for the hearing was considered too short. As such, the judge, Mr Justice Bean, adjourned the hearing to be re-listed on a date when the parties would have proper notice and an appropriate amount of time to consider the issues. We have just been informed this week that the hearing will now take place on **1st February**, in front of Mr Justice Bean. This was suggested by the Court of Appeal and the lawyers for Athena and Minerva and Ms Oades, Mr Justice Bean being the judge who presided over the initial hearing in December 2011.

To remind members, if Ms Oades fails in her application to be added to the proceedings as a further representative beneficiary, the previous trustees have undertaken to take all reasonable steps to have the appeal dismissed. However, if Ms Oades is successful, the matter will return to the Court of Appeal to consider the application for permission to appeal.

Should this be the case, a further hearing (effectively the adjourned hearing from last October) will be required.

Dalriada considers that this application is not necessary or appropriate. There is an existing representative for members in the form of Mr Faulds, who decided, upon receiving legal advice, not to seek permission to appeal himself. The pursuit of the applications by Athena and Minerva and Ms Oades are regrettably causing the incurrence of additional costs for the Schemes and delay. In addition, Dalriada has concerns as to why these applications are being pursued at all. It does not consider that they are in the interests of the members of the Schemes.

We will update members after the 1st February but it remains the case that we are unable to progress matters materially until the position with regard to the appeal is known.

HMRC

In our Announcement dated 16th December 2011 we confirmed that Mr Justice Bean, in his judgment handed down on that day, concluded that MPVA payments were unauthorised payments under the Finance Act 2004. As such, members may face unauthorised payment charges, levied by HMRC. Unauthorised payments need to be reported by the individuals receiving them to HMRC, typically by way of a self assessment tax return.

As members might be aware, HMRC were aware of the Schemes and the MPVA payments some time before Dalriada was even appointed by the Pensions Regulator. Dalriada has no influence over the actions that HMRC may take. However, we understand that HMRC will be writing to members who received MPVA payments in the 2010/11 tax year but who did not declare those payments on a self assessment tax return form by 31st January 2012.

Scheme Accounts to 31st May 2012

Scheme Accounts for the year to 31st May 2012 for each of the Schemes have been drafted and audited. However, the auditors felt that the above-mentioned repayment by the Cypriot company should be reported on and therefore included for the period ending 31st May 2012. Dalriada agrees with the suggestion made by the auditors and as such, the signed off audited Scheme Accounts will be available in the next few weeks. They will be published to the members' website in the usual way and available for download. Dalriada believes that this approach will ultimately ensure that members have access to more information in the Scheme Accounts rather than having to wait for the next years' Scheme Accounts having to be prepared.

This means the Scheme Accounts won't have been signed off within the statutory seven month deadline (i.e. by 31st December 2012) and we have advised the Pensions Regulator of this minor breach of the Regulations.

Getting in contact

Dalriada will look to update members in February, after the hearing of the applications by Athena and Minerva and Ms Oades’.

This Announcement has been uploaded onto our Frequently Asked Questions page available at www.dalriadatrustees.co.uk/ark

If you wish to address any questions to Dalriada you should make contact in one of the following ways:

By using the Get in Touch form on this website www.dalriadatrustees.co.uk/contact

By telephoning our helpline for members – 028 9041 2756

By post to:

Dalriada Trustees Limited
22 Great Victoria Street
Belfast
BT2 7BA

By emailing suzanne_wilson@dalriadatrustees.co.uk

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