

Dalriada. A better way

Binnian Cedar Retirement Benefits Scheme

**Report and Financial Statements
For the year ended 30 June 2019**

Registration number: 12007643

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**Binnian Cedar Retirement Benefits Scheme
Principal Employer and Advisers to the Scheme**

Trustees

Timothy Walker ("the original trustees") (appointed: 10 November 2012, removed: 23 August 2017)

Macallister Lindsay ("the original trustees") (appointed: 10 November 2012, removed: 23 August 2017)

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

Principal Employer

Binnian Cedar Limited (Dissolved 6 December 2016)

Administrator

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

Auditor

Johnston Carmichael LLP (appointed: 22 January 2019)
227 West George Street
Glasgow
G2 2ND

Legal Adviser

Pinsent Masons LLP
30 Crown Place
Earl Street
London
EC2A 4ES

Dalriada. A better way

Binnian Cedar Retirement Benefits Scheme
Principal Employer and Advisers to the Scheme

Investment managers

Advalorem Value Asset Fund Limited (In Administration)
c/o Robert Starkins, CVR Global LLP
20 Fumival Street
London
EC4A 1JQ

Swan Holding PCC Limited
Third Floor
10-12 Prospect Hill
Douglas
IM1 1EJ

Banker

Barclays Bank PLC
Donegall House
Donegall Square North
Belfast
BT1 5GB

Binnian Cedar Retirement Benefits Scheme Trustee's Report

Introduction

The Trustee of the Binnian Cedar Retirement Benefits Scheme ("the Scheme") present their report together with the audited financial statements for the year ended 30 June 2019. The Scheme is a defined contribution scheme.

The Scheme was established on 10 November 2012, 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. Members of the Scheme are contracted-in to the State Second Pension (S2P, previously known as the State Earnings-Related Pension Scheme).

The Compliance Statement set out on page 21 and the Annual Governance Statement included as Appendix 1 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, 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 13 June 2013 under section 7 of the Pensions Act 1995, and may only be removed by The Pensions Regulator.

Timothy Walker and Macalister Lindsay ceased to be trustees on 23 August 2017 which was the date that they were prohibited from acting as a trustee of any trust scheme by order of The Pensions Regulator.

Dalriada Trustees Limited 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: mail@dalriadatrustees.co.uk.

Financial development of the Scheme

The financial statements of the Scheme for the year ended 30 June 2019 are set out on pages 13 to 18; the Trustee's summary of contributions and the Auditor's statement about contributions are set out on pages 19 and 20. 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 increased from £896,754 at 30 June 2018 to £1,110,112 at 30 June 2019.

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 Trustees Limited 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.

Binnian Cedar Retirement Benefits Scheme Trustee's Report

Transfers at less than cash equivalent

No cash equivalent transfers were paid during the period.

Membership

As at 30 June 2019, 106 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 01/07/2018	-	106	-
Membership at 30/06/2019	-	106	-

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 Trustee appointed Johnston Carmichael LLP as Scheme auditor with effect from 22 January 2019.

Governance and Risk Management

Following their appointment, Dalriada Trustees Limited identified a number of concerns surrounding the Scheme investments and the administration of the Scheme.

Beyond any remaining assets held in the Trustee's bank account, the Scheme's assets were invested in Advalorem Value Asset Fund Limited, a Gibraltar based investment company and also non redeemable shares in a 'sub-fund' of Swan Holding PCC Limited (called 'Cell A'). The purpose of the Swan Holding PCC Limited was to invest in UK commercial and residential properties and land. There is no evidence of an investment adviser being appointed and appropriate investment advice being sought or received.

No agreements appeared to be in place with Marley Administration Services Ltd, the company previously employed to provide administration services. Similarly, no proper accounting records appeared to have been kept. Dalriada Trustees Limited has now put in place more robust administration processes and created proper accounting records.

Dalriada Trustees Limited has developed and will continue to develop its business plan which set out its objectives in various key areas and, 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.

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. As a professional trustee, Dalriada Trustees Limited maintains an ongoing training programme for all of its staff.

Binnian Cedar Retirement Benefits Scheme Trustee's Report

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: mail@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.

Dalriada Trustees Limited and the Scheme's advisers each have a legal obligation and a legitimate interest to process data relating to members for the purposes of administering and operating the Scheme, which includes passing on data to third parties, as mentioned above.

Dalriada Trustees Limited 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.

Investment report

There are concerns that the original trustees Timothy Walker and Macalister Lindsay, failed to comply with the appropriate investment regulations and did not properly carry out their fiduciary duties as required under general trust law.

In relation to the £7,700,000 investment made by the Scheme and the other schemes that form the "Milton Schemes" in Advalorem Value Asset Fund Limited (Advalorem), the Financial Services Commission (FSC) in Gibraltar appointed Adrian Hyde, formerly of Chantrey Vellacott (a firm of Chartered Accountants) and now of CVR Global (a firm of insolvency practitioners) (CVR), as administrator of Advalorem on 27th January 2014, pursuant to the terms of an order granted by the Gibraltar High Court. Of the money invested, £6,600,000 was used to buy land in Scotland which was worth significantly less than the amount paid for it. The land was ultimately sold for £89,000 at the end of 2016, which indicated that the original price paid for the land was grossly overinflated.

Legal action was taken by CVR and as a result of this action a payment of £277,784 was paid to the Scheme on 5 July 2019. We are liaising with CVR regarding any further possible recoveries that might be made through the liquidation although we do not anticipate substantial further sums coming back to the Scheme by this route.

Whilst Advalorem was the most significant investment made by the Milton Schemes, £1,100,000 was invested in a 'sub fund' of Swan Holding PCC Limited (Swan), a company incorporated in the Isle of Man. The Schemes hold shares in this entity. Dalriada Trustees Limited has been informed by a director of Swan that the funds were not invested in property directly, but rather by making a loan to a third party which then invested in property. Dalriada Trustees Limited has requested a copy of the relevant loan documentation. However it has not been provided and it remains unclear what realisable value, if any, the investment holds.

**Binnian Cedar Retirement Benefits Scheme
Trustee's Report**

Investment principles

The Trustee is required to produce a Statement of Investment Principles, which incorporates the investment strategy, in accordance with section 35 of the Pensions Act 1995. Given the nature of the Scheme and the lack of assets the Trustee has decided not to put a Statement of Investment Principles in place at this moment. This has been recorded as a breach and The Pensions Regulator has been informed.

Employer related investments

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

**Binnian Cedar Retirement Benefits Scheme
Trustee's Report**

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 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 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.

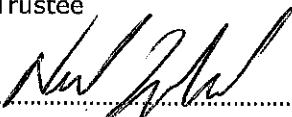
The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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 and for adopting risk-based processes 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.....

31/01/2020

**Binnian Cedar Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Opinion

We have audited the financial statements of the Binnian Cedar Retirement Benefits Scheme (the 'Scheme') for the year ended 30 June 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 the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 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 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'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 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 Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has 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.

**Binnian Cedar Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Other information

The Trustee is 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 the Trustee

As explained more fully in the Trustee's responsibilities statement 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'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 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.

**Binnian Cedar Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

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

- 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.

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 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 *4 February 2020*

**Binnian Cedar Retirement Benefits Scheme
Financial Statements**

For the year ended 30 June 2019

Fund Account

	Note	2019 £	2018 £
Contributions and benefits			
Administrative expenses	3	(66,518)	(33,108)
		<u>(66,518)</u>	<u>(33,108)</u>
Net withdrawals from dealings with members		<u>(66,518)</u>	<u>(33,108)</u>
Returns on investments			
Investment income	4	2,092	984
Change in market value of investments	5	277,784	-
Net returns on investments		<u>279,876</u>	<u>984</u>
Net increase/(decrease) in the fund for the year		213,358	(32,124)
Net assets at 1 July 2018		896,754	928,878
Net assets at 30 June 2019		<u>1,110,112</u>	<u>896,754</u>

The notes on pages 15 to 18 form an integral part of these financial statements.

**Binnian Cedar Retirement Benefits Scheme
Financial Statements**

**Statement of Net Assets
(available for benefits) as at 30 June 2019**

	Note	2019 £	2018 £
Investment assets:			
Advalorem Value Asset Fund Limited	5	<u>277,784</u>	<u>-</u>
		<u>277,784</u>	<u>-</u>
Current assets	7	846,534	927,929
Current liabilities	8	(14,206)	(31,175)
Net assets at 30 June 2019		<u>1,110,112</u>	<u>896,754</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.

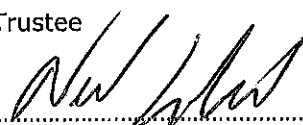
The notes on pages 15 to 18 form an integral part of these financial statements.

These financial statements were approved by the Trustee and authorised for issue on.....

31/01/2020

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited.....



Binnian Cedar 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 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.

Administrative expenses and investment management expenses

Administrative expenses are accounted for on an accruals basis.

Investments Assets

The Scheme had two investments, those being the investments held in Advalorem, a company incorporated in Gibraltar, and in a 'sub fund' of Swan, a company incorporated in the Isle of Man. Of the money invested in Advalorem, £6,600,000 was used to buy land in Scotland which was worth significantly less than the amount paid for it. The land was ultimately sold for £89,000 at the end of 2016, which indicated that the original price paid for the land was grossly overinflated. Dalriada Trustees Limited has been informed by a director of Swan that the funds were not invested in property directly, but rather by making a loan to a third party which then invested in property. Dalriada Trustees Limited has requested a copy of the relevant loan documentation. However it has not been provided and it remains unclear what realisable value, if any, the investment holds.

In the absence of evidence to contrary, the only reasonable and prudent approach that Dalriada Trustees Limited can take in valuing the remaining investment is to assume that it has no value. Where the amount to be recovered or returned can be estimated with reasonable certainty investments are valued on this basis.

3. Administrative expenses

	2019	2018
	£	£
Audit fees	3,300	3,900
Legal fees	26,937	6,553
Trustee fees	36,241	22,610
Other professional fees	40	45
	<u>66,518</u>	<u>33,108</u>

Binnian Cedar Retirement Benefits Scheme
Notes to the Financial Statements

4. Investment income

	2019	2018
	£	£
Interest on cash deposits	<u>2,092</u>	<u>984</u>
	<u>2,092</u>	<u>984</u>

5. Reconciliation of investments

	Value at 01/07/2018	Purchases at cost	Sale proceeds	Change in market value	Value at 30/06/2019
	£	£	£	£	£
Advalorem Value Asset Fund Limited	-	-	-	277,784	277,784
Swan Holding PCC Limited	-	-	-	-	-
Investments Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,784</u>	<u>277,784</u>
Allocated to members	-			-	-
Unallocated	-			-	-
Investments Total	<u>-</u>				<u>277,784</u>

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

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

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 carryout an allocation of funds to members and will, in time, require further direction from the Court as to the most appropriate allocation method to use.

Concentration of Investments

The following investments exceed 5% of the total value of the net assets of the Scheme:

	2019		2018	
	£	%	£	%
Advalorem Value Asset Fund Limited	277,784	25.0	-	-

Binnian Cedar Retirement Benefits Scheme
Notes to the Financial Statements

6. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy in accordance with the amendments to FRS 102 in March 2016.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Advalorem Value Asset Fund Limited	-	277,784	-	277,784
	-	277,784	-	277,784

7. Current assets

	2019	2018
	£	£
Funds due from other Schemes	222,900	116,114
Cash balances	623,634	811,815
	<u>846,534</u>	<u>927,929</u>

Included in the bank balance is £623,634 (2018: £811,815) which is not allocated to members.

The funds due from other Schemes relates to expenses paid on behalf of other Schemes. During the year the total fees paid on behalf of other Schemes amounted to £106,786 and £116,114 brought forward from previous years. These fees comprised legal fees of £70,133 (2018: £39,281) and Trustee fees of £36,653 (2018: £76,833). Where Dalriada Trustees Limited is appointed to a number of schemes at the same time (a bulk appointment), much of the work it carries out is common to all the schemes covered by the appointment but could equally be carried out for any one scheme in isolation. All things being equal the costs incurred in respect of these common tasks would be proportioned appropriately across each of the schemes but this isn't always possible due to different schemes having differing amounts of available assets (or, occasionally, no assets). Where Dalriada Trustees Limited is looking at recovery action on these other schemes, it keeps a record of the costs incurred by one scheme on behalf of another (or others) as, if and when any recoveries are made from the other Schemes' investments, these shared costs will be reimbursed to the Scheme in the first instance.

8. Current liabilities

	2019	2018
	£	£
Accrued expenses	(14,206)	(31,175)
	<u>(14,206)</u>	<u>(31,175)</u>

Binnian Cedar Retirement Benefits Scheme
Notes to the Financial Statements

9. Related Party Transactions

During the year Dalriada Trustees Limited provided professional Trustee services totaling £36,241 (2018: £22,610). At the year end £4,704 (2018: £21,070) was still due to be paid Dalriada Trustees Limited.

The Scheme has incurred costs and, also, incurred shared costs in respect of other schemes to which Dalriada was appointed to under the same bulk appointment. During the year the total fees paid on behalf of other Schemes amounted to £106,786 (2018: £46,586). These fees comprised legal fees of £70,133 (2018: £14,523) and Trustee fees of £36,653 (2018: £32,063). At the year end £222,900 (2018: £116,114) was still due from other Schemes. If and when any recoveries are made from the other Scheme's investments, these shared costs will be reimbursed to the Scheme in the first instance

10. Subsequent Events

Legal action was taken by CVR and as a result of this action a payment of £277,784 was paid to the Scheme on 5 July 2019.

11. 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.

12. Self investment

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

Dalriada. A better way

Binnian Cedar Retirement Benefits Scheme
Summary of Contributions

During the year ended 30 June 2019 no contributions were paid or due to the Scheme.

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited.....



Date.....

31/01/2020

Independent Auditor's Statement about Contributions to the Trustees of the Binnian Cedar Retirement Benefits Scheme

We have examined the summary of contributions to the Binnian Cedar Retirement Benefits Scheme for the Scheme year ended 30 June 2019 to which is set out on page 19.

Statement about contributions payable under the Scheme rules

In our opinion contributions for the Scheme year ended 30 June 2019 as reported in the summary of contributions and payable under the payment schedule and Scheme rules 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 and 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 payment schedule and 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 payment schedule 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: *4 February 2020*

**Binnian Cedar 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

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.moneyandpensionsservice.org.uk

The Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved under the IDRPs, an application can be made to the Pensions Ombudsman to investigate and determine any complaint or dispute of fact or law involving occupational pension scheme. The 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

**Binnian Cedar 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

Binnian Cedar Retirement Benefits Scheme

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Binnian Cedar Retirement Benefit Scheme ("the Scheme")

Annual Governance Statement by the Chair of the Trustee for the Scheme Year Ending on 30 June 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 Binnian Cedar Retirement Benefit Scheme ("the Scheme") which is a money purchase scheme.

This statement covers the period 1 July 2018 to 30 June 2019.

As you are aware from the Announcements issued to members since its appointment, Dalriada Trustees Limited ("Dalriada") was appointed on 13 June 2013 as sole Independent Trustee of the Scheme and other schemes (collectively known as the Milton Schemes) by the Pensions Regulator amid concerns as to how the Scheme was being run, the investments made by the original trustees and, principally, that the Scheme was being used as a vehicle for pension liberation. The powers and duties exercisable by Dalriada in its capacity as trustee are to the exclusion of all other trustees of the Scheme.

As an independent trustee, Dalriada is not linked in any way with the original trustees of the Scheme. Dalriada replaced the original trustees, Timothy Walker and Macalister Lindsay, and was given exclusive powers to deal with the Scheme. The original trustees have had no involvement in running the Scheme since our appointment. On 23 August 2017 The Pensions Regulator prohibited Timothy Walker and Macalister Lindsay from acting as pension scheme trustees because of their links to the Scheme.

£11.5m was transferred into the Milton Schemes by way of individual member transfer payments. The majority of that money (£7.7m) was paid over to Advalorem Value Asset Fund Limited, a Gibraltar based investment company.

£1.1m was paid to Swan Holding PCC Limited (Swan Holding), a company based in the Isle of Man. Of the remainder, about £350,000 was paid in fees to the previous trustees and their advisers. A further £280,000 was paid out in benefits.

The balance, £1.9m, was held in cash.

In relation to the £7,700,000 investment made by the Schemes in Advalorem Value Asset Fund Limited (Advalorem), the Financial Services Commission (FSC) in Gibraltar appointed Adrian Hyde, formerly of Chantrey Vellacott (a firm of Chartered Accountants) and now of CVR Global (a firm of insolvency practitioners) (CVR), as administrator of Advalorem on 27th January 2014, pursuant to the terms of an order granted by the Gibraltar High Court. Of the money invested, £6,600,000 was used to buy land in Scotland which was worth significantly less than the amount paid for it. The land was ultimately sold for £89,000 at the end of 2016, which indicated that the original price paid for the land was grossly overinflated.

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Legal action was taken by CVR and as a result of this action a payment of £1,860,000 was paid to the Scheme on 5 July 2019. We are liaising with CVR regarding any further possible recoveries that might be made through the liquidation although we do not anticipate substantial further sums coming back to the Scheme by this route.

Whilst Advalorem was the most significant investment made by the Schemes, £1,100,000 was purportedly invested in a 'sub fund' of Swan Holding PCC Limited (Swan), a company incorporated in the Isle of Man. The Schemes purportedly hold shares in this entity. Dalriada has been informed by a director of Swan that the funds were not invested in property directly, but rather by making a loan to a third party which then invested in property. Dalriada has requested a copy of the relevant loan documentation. However, it has not been provided and it remains unclear what realisable value, if any, the purported investment holds. Dalriada continues to correspond with Swan regarding the transactions.

Dalriada has been liaising with the Financial Services Compensation Scheme regarding potential compensation claims in respect of advice given in relation to the role of Turnberry Wealth Management in providing investment advice to the original trustees of the Schemes. Discussions are ongoing.

All of 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.

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.

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 and at no point did members actively select how their funds would be invested.

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

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.

During the reporting period the Scheme has held minimal liquid assets. However, should sufficient assets be recovered on behalf of the Scheme, Dalriada will prepare a SIP and take appropriate advice to determine a suitable investment strategy which reflects Dalriada's 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.

Due to the numerous issues still facing the Scheme, not least the illiquidity of many of the investments and the risk profiles of the members, the Scheme will employ a lower risk investment

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strategy in relation to monies realised.

The Scheme's Report and Financial Statements for the period are published on the members' website, as are Chairman's Statements.

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 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. 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 Report and Financial Statements.

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.

The Trustee has calculated the charges 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.

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

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.

Under the terms of its appointment, the fees of Dalriada and its advisers fell as a debt due from the employer. However, this company was dissolved in 2016. In this situation the terms of appointment set out that fees should be met from Scheme funds.

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.

The Scheme has incurred costs (including legal costs) of £66,518 over the year in question and, also, incurred shared costs of £106,786 in respect of other Milton Schemes. As a significant recovery has been made to the Schemes these shared costs will be reimbursed to the Scheme. Dalriada has set out in its various Announcements to members the actions it has taken to realise, where possible, the investments made by the previous trustees. Generally, actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, have been centred on legal advice and action around the 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 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 action around recovery of funds. Such actions are considered on a cost benefit analysis and, where necessary, Court approval would be sought for the use of Scheme funds to pay for any legal action.

Dalriada was appointed following a tender exercise 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.

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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 advisers' fees are met using Scheme funds. As commented above, there is uncertainty around determining the value of the Scheme's investments and how these should then be attributed to the members and, further, the allocation of costs to members which may require legal direction. For this reason, to date, Dalriada has had to take a general approach when applying costs.

As soon as Dalriada is in a position to identify each individual member's fund and is able to determine a specific approach with regard to the allocation of costs, it will be in a position to report on the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights.

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 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

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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 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 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 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 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 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

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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 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 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.

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

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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.

Member Representation

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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)

Chairman



Date

30 January 2020

