
Bodmin Stincher Retirement Benefits Scheme

Report and Financial Statements For the year ended 30 June 2021

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**Bodmin Stincher Retirement Benefits Scheme
Principal Employer and Advisers to the Scheme**

Trustees

Timothy Walker ("the original trustees") (appointed: 25 October 2012, removed: 23 August 2017)

Macalister Lindsay ("the original trustees") (appointed: 25 October 2012, removed: 23 August 2017)

Dalriada Trustees Limited (appointed: 13 June 2013)
Linen Loft
27 - 37 Adelaide Street
Belfast
BT2 8FE

Principal Employer

Bodmin Stincher Limited (Dissolved 6 December 2016)

Administrator

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

Auditor

Johnston Carmichael LLP
227 West George Street
Glasgow
G2 2ND

Legal Adviser

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

Investment Adviser

Advisory Investment Services Limited (appointed: 30 October 2020)
Burnetts, School Lane
Ashurst
Sussex
BN44 3AY

**Bodmin Stincher 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

Investment platform provider

Mobius Life Limited (appointed: 2 February 2021)
3rd Floor
20 Gresham Street
London
EC2V 7JE

Third-party investment managers

Legal & General Investment Management

BlackRock Life Limited

all c/o Mobius Life Limited

Bankers

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

**Bodmin Stincher Retirement Benefits Scheme
Trustee's Report**

Introduction

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

The Scheme was established on 25 October 2012 and is currently governed by the trust deed and rules of 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 pages 25 and 26, the Investment Report Included as Appendix 1 and the Annual Governance Statement Included as Appendix 2 form part of this report.

Scheme management

The Trustee who served during the year was:

- Dalriada Trustees Limited.

The directors of Dalriada Trustees Limited ("Dalriada") are D N Copeland, R D Fogarty, C M Johnstone, A B Kennett, T Lukic, C J Roberts, B D Spence and V Vassou. The directors of Dalriada 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 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 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 an IDRP in place for dealing with any disputes between the Trustee and the Scheme beneficiaries. An IDRP 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, or by request via email: msadmin@dalriadatrustees.co.uk.

Financial development of the Scheme

The financial statements of the Scheme for the year ended 30 June 2021 are set out on pages 14 to 22; the Trustee's summary of contributions and the Auditor's statement about contributions are set out on pages 23 and 24. 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 £289,610 at 30 June 2020 to £252,064 at 30 June 2021.

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

**Bodmin Stincher Retirement Benefits Scheme
Trustee's Report**

Transfers at less than cash equivalent

No cash equivalent transfers were paid during the year.

Membership

As at 30 June 2021, 64 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 01/07/2020	-	64	-
Membership at 30/06/2021	-	64	-

Pension increases

No pensions were paid during the year.

Changes to the Scheme rules

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

Governance and Risk Management

Following their appointment, Dalriada 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 has now put in place more robust administration processes and created proper accounting records.

In November 2020, a judgment was handed down following Court proceedings involving Dalriada and the Pension Protection Fund ("PPF") with regard to eligibility of schemes like the Milton Schemes to make claims on the Fraud Compensation Fund ("FCF"). In short, the judge found that schemes of this nature were able to make applications for compensation and Dalriada is now considering how this might impact on the Milton Schemes. Further information will be provided as matters progress.

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

**Bodmin Stincher Retirement Benefits Scheme
Trustee's Report**

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and was updated with effect from April 2015. As a professional trustee, Dalriada maintains an ongoing training programme for all of its staff.

Further information

Further Information about the Scheme is available, on request, to members, their spouses and other beneficiaries.

If members have any complaints or queries regarding the Scheme, or wish to obtain further information, they should contact Dalriada Trustees Limited, Linen Loft, 27-37 Adelaide Street, Belfast, BT2 8FE, or by request via email: msadmin@dalriadatrustees.co.uk.

The General Data Protection Regulations 2016/679 ("GDPR") 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 GDPR contain restrictions on the processing of special categories of data as defined in the GDPR, to which individuals must give their consent. This category of data can include information on, for example, the health of a member or marital status.

Members' personal data will be used by the Scheme's advisers to administer the Scheme, and may be passed to other professional providers or advisers.

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

Dalriada is regarded as 'Controller' for the purposes of the GDPR, 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 GDPR 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 trustees, 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 in Gibraltar appointed Adrian Hyde, formerly of Chantrey Vellacott (a firm of Chartered Accountants) and now of CVR Global ("CVR") (a firm of insolvency practitioners), 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 that was worth significantly less than the amount paid. 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. CVR have advised that a further dividend in the liquidation should be paid to creditors in the next financial year (i.e. in the year to 30 June 2022), but the amount of any dividend is yet to be determined. Beyond this expected dividend, Dalriada does not anticipate substantial further sums being recovered to the Scheme from the liquidation.

**Bodmin Stincher Retirement Benefits Scheme
Trustee's Report**

Investment report (continued)

Whilst Advalem 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 Milton Schemes 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 investment holds.

During the year, the day-to-day management of the Scheme's investments was delegated by the Trustee to the Investment Adviser, Advisory Investment Services Limited ("AIS") and, following advice on investment strategy from AIS, the majority of the Scheme's liquid funds were invested in corporate bond and cash funds with Legal & General and BlackRock, via an investment platform with Mobius Life Limited ("Mobius") on 2 February 2021. The detailed investment platform provider's report is included as Appendix 1.

Dalriada will now focus on the pursuit of further recovery of funds by way of a claim for compensation on the FCF. As mentioned above, a Court ruling determined that schemes like the Milton Schemes were able to make claims on the FCF for losses arising from acts of fraud and dishonesty. Dalriada has been working, and will continue to work, with the PPF in regard to a potential claim by the Scheme. However, at this time, we do not know whether any claim will ultimately be successful.

Custodial arrangements

Mobius Life Limited ("Mobius")

The funds held by the Scheme invest in unitised vehicles offered by other investment managers. As such, Mobius owns units of other funds and does not directly hold stock.

The third-party investment managers of the underlying funds will appoint their own custodians.

Investment principles

Trustees are required to produce a Statement of Investment Principles ("SIP"), which incorporates the investment strategy, in accordance with Section 35 of the Pensions Act 1995. This is a requirement for schemes with 100 members or more. No serviceable SIP was prepared for the Scheme by the previous trustees and/or their administrators.

As commented earlier, Dalriada has now taken advice from AIS and implemented an investment strategy that, whilst still cautious, looks to generate a greater return than just holding funds in cash. Despite the Scheme having fewer than 100 members, Dalriada has prepared a suitable SIP that reflects that strategy, which is dated 29 September 2020 and has been made available on the dedicated member website.

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.

The Scheme's investments with Mobius comply with the restrictions prescribed by regulations made under Section 40 of the Pensions Act 1995.

**Bodmin Stincher 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 judgements 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

31/01/2022

Bodmin Stincher Retirement Benefits Scheme
Independent Auditor's report to the Trustee

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

**Bodmin Stincher Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Other information

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 9, the Scheme's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

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

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

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

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

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

**Bodmin Stincher Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.

**Bodmin Stincher Retirement Benefits Scheme
Independent Auditor's report to the Trustee**

Auditor 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 (ie. gives a true and fair view).

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

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 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: *31 January 2022*

**Bodmin Stincher Retirement Benefits Scheme
Financial Statements**

For the year ended 30 June 2021

Fund Account		2021	2020
	Note	£	£
Contributions and benefits			
Administrative expenses	3	(36,882)	(28,334)
		<u>(36,882)</u>	<u>(28,334)</u>
Net withdrawals from dealings with members		<u>(36,882)</u>	<u>(28,334)</u>
Returns on Investments			
Investment income	4	30	670
Change in market value of Investments	5	(694)	-
Net returns on Investments		<u>(664)</u>	<u>670</u>
Net decrease in the fund for the year		(37,546)	(27,664)
Net assets at 1 July 2020		289,610	317,274
Net assets at 30 June 2021		<u>252,064</u>	<u>289,610</u>

The notes on pages 16 to 22 form an Integral part of these financial statements.

**Bodmin Stincher Retirement Benefits Scheme
Financial Statements**

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

	Note	2021 £	2020 £
Investment assets:	5		
Pooled investment vehicles	6	348,570	-
		<u>348,570</u>	<u>-</u>
 Current assets	 9	 52,432	 437,270
Current liabilities	10	(148,938)	(147,660)
 Net assets at 30 June 2021		 <u>252,064</u>	 <u>289,610</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 16 to 22 form an integral part of these financial statements.

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

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited



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**Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements**

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised 2018), published by the Pensions Research Accountants Group.

1.1. Identification of the financial statements

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

2. Accounting policies

Functional currency

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

Investment Income

Interest on bank deposits is accounted for as it accrues.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value, otherwise it is accounted for when declared by the fund manager.

Change in Market Value

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.

Transfers

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

There were no transfers out during the year.

Benefits

Benefits payable are included in the accounts on an accruals basis when the member notifies the Trustee as to the type or amount of benefit to be taken, or where there is no choice, on the date of retirement or leaving. Currently Dalriada Trustees Limited is not able to identify benefits payable.

Administrative expenses and investment management expenses

Administrative expenses are accounted for on an accruals basis.

Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements

Investment 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. 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 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 investment holds.

In the absence of evidence to contrary, the only reasonable and prudent approach that Dalriada 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.

Unitised pooled investment vehicles are valued at the closing bid price or, if single priced, at the closing single price as advised by the investment managers at the year end.

3. Administrative expenses

	2021	2020
	£	£
Administration fees	40	40
Consultancy fees	600	-
Audit fees	3,600	3,300
Legal fees	6,363	5,555
Trustee fees	26,263	19,439
Other professional fees	16	-
	<u>36,882</u>	<u>28,334</u>

4. Investment Income

	2021	2020
	£	£
Interest on cash deposits	30	670
	<u>30</u>	<u>670</u>

5. Reconciliation of Investments

	Value at 30/06/2020	Purchases at cost	Sale proceeds	Change in market value	Value at 30/06/2021
	£	£	£	£	£
Pooled Investment vehicles	-	349,264	-	(694)	348,570
Investments Total	<u>-</u>	<u>349,264</u>	<u>-</u>	<u>(694)</u>	<u>348,570</u>

Where the investments are held in managed and unitized funds the change in market value also includes expenses both implicit and explicit to the Scheme and any reinvested income, where the income is not distributed.

Pooled investment vehicles are all managed by companies registered in the United Kingdom.

Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Trustee.

**Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements**

For defined contribution schemes, investments purchased by the Scheme are allocated to provide benefits to the individual members. The original Trustees/administrators did not make any allocation of funds when the members transferred into the Scheme.

Consequently Dalriada has been unable to carry out an allocation of funds to members and 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:

	2021		2020	
	£	%	£	%
L&G Life AR Cash Fund	34,921	13.9	-	-
L&G Life CSAJ PMC Short Dated				
Sterling Corporate Bond Index Fund	105,052	41.7	-	-
BLK Life AQC Corporate Bond Up To 5 Years Index Fund	208,597	82.8	-	-

6. Pooled investment vehicles

	2021	2020
	£	£
Bonds	313,649	-
Other	34,921	-
	<u>348,570</u>	<u>-</u>

7. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

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 which are unobservable (i.e., for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy categories as follows:

	30 June 2021			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	348,570	-	348,570
	<u>-</u>	<u>348,570</u>	<u>-</u>	<u>348,570</u>

**Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements**

8. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- **Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk:** this comprises currency risk, interest rate risk and other price risk.
 - **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
 - **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
 - **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The SORP recommends these risk disclosures are made for all investments.

The Trustee determines the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustees approach to risk management, credit and market risk is set out below.

(I) Investment strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy for the Scheme taking into account considerations such as the long-term liabilities of the Scheme. The investment strategy is set out in the Scheme's SIP.

The current strategy (beyond the first £85,000 (or such sum as the Trustee's estimate will be required to pay the annual fees) which will be held 100% in cash), is to hold 90% in short-dated corporate bonds and 10% in cash.

(II) Credit risk

The Scheme is subject to direct credit risk within the investment portfolio to the extent of the holdings in pooled investment vehicles and assets held in cash, and are indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles which contain fixed interest investments. Cash in the Trustee's bank account is held within financial institutions which are at least investment grade credit rated.

Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements

(II) Credit risk (continued)

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environments in which the pooled manager operates.

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles, specifically the Scheme's bond mandates which hold credit instruments. The Trustee has delegated the day-to-day management of the pooled investment vehicles.

A summary of pooled investment vehicles by type of arrangement is as follows:

	30 Jun 2021
Unit linked insurance contracts	348,570
Total	348,570

(III) Currency risk

The Scheme is not directly exposed to currency risk as the pooled investment vehicles held are denominated in Sterling.

Indirect exposure to currency risk arises as a result of the Scheme's pooled investment vehicles' underlying holdings including securities that are denominated in non-GBP currencies. The fund manager may choose to hedge foreign currency exposures within the pooled investment vehicles. The Trustee does not conduct any direct currency hedging however invest in GBP currency hedged versions of pooled funds where it deems it appropriate.

(iv) Interest rate risk

The Scheme is not directly exposed to interest rate risk across the pooled investment vehicles they invest in, as the price of those vehicles are not directly affected by changes in interest rates.

As a result of some of the pooled investment vehicles held by the Scheme investing in fixed interest products such as government and corporate bonds, the Scheme is exposed indirectly to interest rate risk. Movements in interest rates will have a bearing on the price of those underlying government and corporate debt securities held which will affect the net asset value of the vehicles and consequently, the unit price of the pooled investment vehicles.

A summary of the underlying portfolio exposed to interest rate risk is as follows:

	30 Jun 2021
P09276 L&G Life CSAJ PMC Short Dated Sterling Corporate Bond Index Fund	£105,052
P09277 BLK Life AQC Corporate Bond Up To 5 Years Index Fund	£208,597
P09275 L&G Life AR Cash Fund	£34,921
Total	£348,570

(v) Other price risk

Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements

The Scheme is not directly or Indirectly exposed to other price risk.

9. Current assets

	2021	2020
	£	£
Cash balances	52,432	437,270
	<u>52,432</u>	<u>437,270</u>

Included in the bank balance is £52,432 (2020: £437,270) which is not allocated to members.

10. Current liabilities

	2021	2020
	£	£
Accrued expenses	(7,639)	(6,361)
Sundry creditors	<u>(141,299)</u>	<u>(141,299)</u>
	<u>(148,938)</u>	<u>(147,660)</u>

Sundry creditors relates to fees paid by other schemes on behalf of the Scheme. During the year the total fees paid by other schemes amounted to £nil (2020 £10,030). These fees comprised legal fees of £nil (2020 £2,877) and trustee fees of £nil (2020 £7,153). Where Dalriada 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 other 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 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.

11. Related Party Transactions

During the year Dalriada provided professional trustee services totalling £26,263 (2020: £19,439), £26,263 (2020: £12,286) was paid by the Scheme direct and £nil (2020: £7,153) was paid by other schemes and is included in the sundry creditors.

During the year the total fees paid by other schemes amounted to £nil (2020: £10,030). These fees comprised legal fees of £nil (2020: £2,877) and trustee fees of £nil (2020: £7,153).

At the year end £141,299 (2020: £141,299) was still due to other schemes. If and when any recoveries are made from the investments, these shared costs will be reimbursed to the Schemes in the first instance.

12. Contingent asset

CVR have advised that a further dividend should be paid to creditors in the next financial year (i.e. in the year to 30 June 2022), but the amount of any dividend cannot yet be quantified.

13. 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.

Bodmin Stincher Retirement Benefits Scheme
Notes to the Financial Statements

14. Self-Investment

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

**Bodmin Stincher Retirement Benefits Scheme
Summary of Contributions**

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

Signed for and on behalf of the Trustee

For Dalriada Trustees Limited



Date

31/01/2022

Independent Auditor's Statement about Contributions to the Trustee of the Bodmin Stincher Retirement Benefits Scheme

We have examined the summary of contributions to the Bodmin Stincher Retirement Benefits Scheme for the Scheme year ended 30 June 2021 to which is set out on page 23.

Statement about contributions payable under the Scheme rules

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

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Scheme rules. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Scheme rules.

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for securing that a payment schedule is prepared, maintained and from time to time revised and for monitoring whether contributions are made to the Scheme by the employer in accordance with the payment schedule.

It is our responsibility to provide a Statement about Contributions paid under the Scheme rules and to report our opinion to you.

Use of our report

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

Johnston Carmichael LLP

Johnston Carmichael LLP
Statutory Auditor

227 West George Street
Glasgow
G2 2ND

Date: *31 January 2022*

**Bodmin Stincher Retirement Benefits Scheme
Compliance Statement**

Changes in and other matters relating to the Scheme advisers

Any changes to Scheme advisers are shown on pages 3 and 4.

Pension Tracing Service

The Pension Tracing Service provides a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU

Telephone: 0800 731 0193

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

The Money and Pensions Service (MaPS)

MaPS creates one organisation from the three existing providers of government-sponsored financial guidance:

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

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

Telephone: 0115 965 9570

Email: pensions.enquiries@moneyhelper.org.uk

Website: www.moneyhelper.org.uk

The Pensions Ombudsman

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

10 South Colonnade
Canary Wharf
E14 4PU

Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

**Bodmin Stincher 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

Bodmin Stincher Retirement Benefits Scheme

Appendix 1

Bodmin Stincher Retirement Benefits Scheme

Investment Manager's Report to 30 June 2021



Fund Performance to: 30 Jun 2021

Fund Growth	1 Year to 30 Jun 21	3 Years to 30 Jun 21	1 Year to 30 Jun 20	1 Year to 30 Jun 19	1 Year to 30 Jun 18	1 Year to 30 Jun 17
L&G Life AR Cash Fund	0.0 %	0.4 %	0.6 %	0.7 %	0.4 %	0.3 %
L&G Life CSAJ PMC Short Dated Sterling Corporate Bond Index Fund	0.1 %	0.0 %	0.0 %	0.0 %	na	na
BLK Life AQC Corporate Bond Up To 5 Years Index-Fund-	2.0 %	na	na	na	na	na

Market Returns	1 Year to 30 Jun 21	3 Years to 30 Jun 21	1 Year to 30 Jun 20	1 Year to 30 Jun 19	1 Year to 30 Jun 18	1 Year to 30 Jun 17
FTSE ALL Share Index	21.5 %	2.0 %	-13.0 %	0.6 %	9.0 %	18.1 %
FTSE 100	18.0 %	1.1 %	-13.8 %	1.6 %	6.7 %	16.9 %
FTSE 250	33.4 %	4.9 %	-10.0 %	-3.8 %	10.6 %	22.2 %
FTSE Small Cap	50.1 %	10.6 %	-7.4 %	-2.0 %	6.3 %	26.5 %
FTSE AW World Index	25.5 %	13.6 %	5.7 %	10.4 %	9.3 %	22.8 %
FTSE North America	27.3 %	17.2 %	10.9 %	14.1 %	12.5 %	21.3 %
FTSE Developed Europe ex UK	22.6 %	9.8 %	0.3 %	7.6 %	2.7 %	28.7 %
FTSE Developed Asia Pacific ex Japan	30.0 %	9.4 %	-5.4 %	6.4 %	6.0 %	27.8 %
FTSE Japan	12.0 %	5.7 %	6.6 %	-1.2 %	9.3 %	24.0 %
FTSE Over 15 year fixed interest	-10.9 %	4.6 %	19.8 %	7.2 %	4.2 %	-1.6 %
FTA All Stock Fixed Interest Gilt Index	-6.2 %	3.0 %	11.2 %	4.9 %	1.9 %	-0.9 %
FTA Over 5 Year Index-Linked Gilt Index	-4.4 %	5.3 %	11.9 %	9.1 %	2.0 %	7.1 %
3 Month LIBOR GBP	0.1 %	0.5 %	0.7 %	0.9 %	0.5 %	0.4 %
7 Day LIBID	0.0 %	0.4 %	0.5 %	0.7 %	0.3 %	0.1 %

Past performance should not be seen as a guide to future performance and may not be repeated.

Notes:

- Returns shown are gross of charges based on Mobius Life unit prices
- Returns for periods in excess of a year are annualised.
- Past performance should not be seen as a guide to future performance and may not be repeated. The value of investments may go down as well as up and investors may not get back the amount originally invested, are not certain to make a profit and may lose money.
- Exchange rate changes may cause the value of overseas investments to rise or fall.
- Investors should be aware that investment in emerging markets involves a high degree of risk and should be seen as long term in nature.
- Investment in property may not be readily realisable. The value of property is generally a matter of valuers opinion rather than fact.
- Where a fund is invested with another life company by means of a reinsurance arrangement, we monitor the way the reinsurer manages the business, but we do not guarantee the solvency of the reinsurer, so the risk of default by the reinsurer is borne by policyholders who invest in the relevant fund.
- Mobius Life Limited provides information on our products and services to enable you to make your own investment decisions, and this document should not be regarded as a personalised recommendation.

Bodmin Stincher Retirement Benefits Scheme
Appendix 1

Fund Profiles

BLK Life AQC Corporate Bond Up To 5 Years Index Fund

The fund aims to achieve index returns in line with the iBoxx GBP non-gilts, 1-5 year index.

L&G Life AR Cash Fund

This Fund consists of monies which are invested in short term instruments, up to a normal maximum of 35 days, from high quality borrowers aiming to achieve a gross return of at least 7 day LIBID.

L&G Life CSAJ PMC Short Dated Sterling Corporate Bond Index Fund

Please Consult your Advisor

Bodmin Stincher Retirement Benefits Scheme

Appendix 2

Bodmin Stincher Retirement Benefits Scheme

Annual Governance Statement by the Chair of the Trustees for the Scheme Year Ending on 30 June 2021

Introduction and background

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Scheme (Scheme Administration) Regulations 1996, as amended (the "Administration Regulations") and related guidance from The Pensions Regulator ("TPR").

It relates to the Bodmin Stincher Retirement Benefits Scheme ("the Scheme").

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

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

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

This statement covers the period from 1 July 2020 to 30 June 2021.

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 TPR 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. This has presented Dalriada with several 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 this is the case.

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, TPR prohibited Timothy Walker and Macalister Lindsay from acting as pension scheme trustees because of their links to the Scheme.

Dalriada will shortly communicate by way of an Announcement an update to members on the ongoing actions being taken to recover Scheme funds. However, by way of a brief reminder it has been reported the previous trustees invested £7.7m of the Milton Schemes' monies into Advalorem Value Asset Fund Limited ("Advalorem"), a Gibraltar based investment company. We had also

Bodmin Stincher Retirement Benefits Scheme

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advised that £6.6m of the money had then been used by Advalorum for the purchase of land in Scotland. Unfortunately, this land was purchased at a grossly inflated price and subsequently resold for £39,000 at auction, thereby representing a huge loss to funds.

However, as a result of civil legal action taken by CVR Global (the Administrators of Advalorum) a total of £1,860,000 was recovered into the Milton Schemes. We continue to liaise with CVR Global regarding any further possible recoveries that might be made through the liquidation of Advalorum.

The Milton Schemes also invested £1.1m into Swan Holding PCC Limited ("Swan"), a company based in the Isle of Man. The Milton Schemes purportedly bought shares in a 'sub-fund' of Swan (called 'Cell A'). It is Dalriada's understanding that the purpose of this fund was to invest in UK commercial and residential properties and land.

However, the shares in Swan are non-redeemable and the time horizon of the funds was at least ten years. This means that this purported investment is 'highly illiquid' and as such, cannot be readily recovered into cash for the Scheme. It remains unclear what realisable value, if any, the purported investment in Swan holds.

Dalriada will ultimately focus on the pursuit of further recovery of funds by way of a claim on the Fraud Compensation Fund ("FCF"). Dalriada has been working, and will continue to work, with the PPF with regard to a potential claim by the Scheme. However, at this time, we do not know whether any claim will ultimately be successful. Ultimately, it is Dalriada's intention that the Scheme will be wound up and members will be offered the option to transfer any remaining benefits to alternative pension arrangements.

All of this has presented Dalriada with 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 is the case.

Default arrangement

A number of requirements of the Administration Regulations relate only to a "default arrangement", as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2013.

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

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

The Scheme does not offer a Default Lifestyle Strategy.

The Scheme did not offer members any choice as to how their funds were invested. Besides those investments detailed above, Dalriada understands that 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 has also never been a life-styling option available.

Bodmin Stinchar Retirement Benefits Scheme

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The purported investments were made by the previous trustee without seeking, or acting upon, the recommendation of any appropriately qualified investment advisor.

Statement of Investment Principles

Ordinarily, trustees should prepare a Statement of Investment Principles ("SIP") governing decisions about investments (although it is not a legal requirement for schemes with less than 100 members, such as the Scheme).

No serviceable SIP existed for the Scheme prior to Dalriada's appointment.

However, where assets have been recovered Dalriada has taken appropriate and professional investment advice and has in place a suitable SIP. The SIP was prepared in September 2021 and will be reviewed by Dalriada every three years.

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

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

Review of default strategy and default arrangements

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

Core Financial Transactions

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

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

The Scheme does not currently accept contributions or transfers in and, for the Scheme year ending 30 June 2021, was unable to pay any level of benefit, including transfers values, to members.

This is due to a number of factors, not least the uncertainty (to date) as to the value of the Scheme's investments and the position with regard to potential tax charges that may be levied against the Scheme should it be deemed any unauthorised payments to members occurred. 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.

Bodmin Stincher Retirement Benefits Scheme

Appendix 2

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

Notwithstanding this, Dalriada, as a professional independent trustee, has processes and controls in place that are suitably designed to ensure any service objectives can be achieved once the Scheme is in a position to operate in the manner of a normal scheme. Dalriada's administration processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

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

We perform monthly bank reconciliations for all the schemes to which Dalriada is appointed. The purpose of these reconciliations is to ensure that all transactions processed through the bank accounts (money in and out) can be accounted for. Any transactions which cannot be accounted for are investigated and corrected if required.

Charges and Transaction Costs

Governance rules require trustees to make an assessment of investment management charges and transactions costs borne by Scheme members and the extent to which those charges and costs represent good value for money for members.

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

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

Since Dalriada's appointment, there have been no transactions, as no payments into the Scheme have been accepted, either by way of contributions or transfers-in. As a result, there have been no transaction costs.

Under the terms of its appointment, the fees of Dalriada and its advisers are met from Scheme funds. Whilst these charges fall as debt due from the employer (or sponsor), in this case the sponsor was dissolved in 2016.

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.

Dalriada assumed trusteeship of the Scheme via a bulk appointment by TPR, when Dalriada was also appointed to three other schemes. All schemes shared (and continue to share) similar characteristics, such as the previous trustees, administration records and, on occasions, investments. Where work is carried out that has a mutual benefit to all schemes collectively, the

Bodmin Stincher Retirement Benefits Scheme

Appendix 2

costs will be shared across all schemes. If one or more of the schemes has no assets, the costs will be met by the other schemes.

The costs for the year ending 30 June 2021 (including trustee fees and legal and other professional fees) are set in the Report and Accounts and total: £36,882 (incl. VAT).

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.

Dalriada will continue to confirm to members the amount of costs incurred in subsequent Chair Statements. In addition, a full set of Report and Accounts has been prepared which have been audited by an independent auditor, which includes an audit of any core financial transactions that have taken place.

"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. However, 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 whole membership, relative to other options available in the market.

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

However, the actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, are centred on action around recovery of funds. Such actions are considered using a cost-benefit analysis. Where necessary, Court approval would be sought for the use of Scheme funds to pay for any legal action.

Dalriada was appointed following a TPR tender exercise and 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. This rate is set well below Dalriada's standard market rates. The Trustee's legal advisers operate on a similar basis (albeit on a different charging rate).

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.

Bodmin Stincher Retirement Benefits Scheme

Appendix 2

Dalriada is required to advise members of 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. However, due to the nature of Dalriada's appointment and the uncertainty as to both Dalriada's and its adviser's fees, this is not possible to do at this time. When Dalriada is in a position to do so, it will advise members.

Trustee knowledge and understanding

The Trustee has considered the latest guidance in relation to Chair's Statements from TPR 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 Trustees Limited (Dalriada)

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 significant number of schemes. These appointments have been as a result of TPR having concerns about the nature and operation of the schemes and the extent to which the then 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 to meet the requirements set out in Sections 247 and 248 of the Pensions Act 2004 and TPR's Code of Practice 7 on Trustee Knowledge and Understanding.

I have set out below the membership of the Committee, along with a short summary of 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 Irregular Schemes 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. This includes 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.

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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 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 schemes and the challenges they present.

Sean is a fully accredited member of the Association of Professional Pension Trustees, has completed TPR'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. He acts as an Accredited Professional Trustee on some of our most complex and challenging cases, including our Regulatory Appointments. Neil specialises in schemes with technically challenging governance and covenant issues, as well as having over 25 years of experience in relation to defined benefit, hybrid, defined contribution, multi-employer and sectionalised arrangements.

Neil is the Dalriada Board representative for the Irregular Schemes Team and spends a significant proportion of his time working on Regulatory Appointments. Like Sean, Neil has developed considerable experience of the complex and non-standard issues faced by the Dalriada team in managing the Regulatory Appointments. This has included acting as a witness in high profile litigation in relation to Regulatory Appointments in support of 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 fully accredited member of the Association of Professional Pension Trustees, has completed TPR'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 and leads the Dalriada business across the Midlands. He has broad pensions experience with particular expertise in employer covenant and corporate transactions. He has worked with a range of trustee boards managing scheme assets from c.£5 million to more than £1 billion. Similarly, he is experienced in working with a broad spectrum of sponsoring employers from small, owner-managed businesses through to much larger and complex groups, being either privately owned or fully listed.

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

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

Brian Spence

Brian is a co-founder and director of Dalriada. 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 trustees, 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). He also has experience in litigation involving pension schemes – where it is cost effective to do so, Dalriada will look to take legal action against the perpetrators of a scam with the aim to recover misappropriated assets.

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

Amanda Banister

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

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

Gino Rocco

While not a voting member of the Committee, Gino has extensive involvement with the Regulatory Appointments. He performs the role of an Accredited Professional Trustee for Dalriada, focusing on all aspects of pension law for defined benefit and defined contribution pension schemes that range in size from the small to the very large.

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

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

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

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

The Scheme has a dedicated client manager who has an in-depth knowledge of the Scheme and its governing documentation.

At the point of Dalriada becoming 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, with appropriate action agreed in relation to the issue or risk identified. In addition to the knowledge held by the client manager and the Irregular Schemes Team, the Trustee obtains 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

As above, the Scheme has a dedicated client manager who has an in-depth knowledge of the Scheme and its governing documentation. The Committee is made aware of any issues or risks in relation to the Scheme's SIP as and when they arise, with appropriate action agreed in relation to the issue or risk identified. In addition to the knowledge held by the client manager and lead Professional Trustee, the trustees obtain independent expert advice in relation to the Scheme's documentation, where necessary.

There have been no new trustees introduced in this reporting period (there is an appropriate induction process in place to support the addition of new trustees).

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

Further, every professional trustee is required to complete TPR's Trustee Toolkit and subscribes to the updates issued by TPR.

Professional Trustees belong to Dalriada's Knowledge Management network, which keeps them up to date with industry developments and 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 regarding legislation and interpretation of scheme documentation. This is further aided by advice from external legal advisers, which is obtained when the Trustee feels this 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) is particularly 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 that might be thrown up by the Scheme which require the amendment of scheme documentation. Amanda Banister's legal background and experience (see above) is of great benefit in this area.
- Sean Browne, Neil Copeland and Brian Spence have a great deal of knowledge and experience in relation to schemes of a complex nature, such as this Scheme. This includes

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schemes with investments made by previous trustees that are deemed to be highly inappropriate, their administration has been poor and / or the previous trustees have not had the sufficient knowledge and understanding to be trustees of an occupational pension scheme.

- Sean Browne and Neil Copeland have many years of experience in the administration of pension schemes, allowing a keen oversight of the administration of the Scheme.

Member Representation

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

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

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

Chair



Date

28 January 2022