

Summary of 2021 Report and Accounts

This note provides you a summary of the Scheme accounts as at 31 December 2021. The Annual Report, which includes the financial statements and governance statement for the Scheme year to 31 December 2021 was signed on 26 July 2022.

Annual Report and Accounts

FUND ACCOUNT

	2021			2020		
	DB £	DC £	Total £	DB £	DC £	Total £
Contributions and benefits:						
Employer contributions	650,000	-	650,000	325,000	-	325,000
Other income	5,244	14,773	20,017	300	-	300
	655,244	14,773	670,017	325,300	-	325,300
Benefits paid	(15,115)	(18,840)	(33,955)	(6,071)	(10,085)	(16,156)
Payments to and on account of leavers	(12,997)	(34,865)	(47,862)	(50,628)	(107,689)	(158,317)
	(28,112)	(53,705)	(81,817)	(56,699)	(117,774)	(174,473)
Net additions/ (withdrawals) from dealings with members	627,132	(38,932)	588,200	268,601	(117,774)	150,827
Returns on investments:						
Change in market value of investments	930,020	536,355	1,466,375	1,782,079	370,557	2,152,636
	930,020	536,355	1,466,375	1,782,079	370,557	2,152,636
Net increase in the fund	1,557,152	497,423	2,054,575	2,050,680	252,783	2,303,463
Opening net assets	12,149,197	5,201,028	17,350,225	10,098,517	4,948,245	15,046,762
Closing net assets	13,706,349	5,698,451	19,404,800	12,149,197	5,201,028	17,350,225

The fund account is split between Defined Benefit (DB) and Defined Contribution (DC) assets.

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GOVERNANCE STATEMENT

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee of the Scheme to prepare a statement showing how it has met certain minimum governance standards in relation to defined contribution benefits.

DEFAULT ARRANGEMENT

There is no default arrangement as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 because the Scheme closed to future contributions in 2005.

PROCESSING CORE FINANCIAL TRANSACTIONS

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Deloitte, and its investment manager, L&G. Deloitte and L&G carry out regular banking and investment reconciliations. The Trustee has reviewed the processes and controls implemented by those organisations and consider them to be suitably designed to achieve the above objectives.

The Trustee has also agreed service levels and regular reporting of performance against those service levels. These controls are reviewed at each Trustee meeting through the consideration of the service level agreements. The service level agreement lists the various tasks associated with the running of the Scheme and the intended turnaround time in working days.

Overall, the monitoring and reporting activities undertaken allow the Trustee to be confident that core financial transactions were processed promptly and accurately during the Scheme year.

COSTS AND CHARGES

The Administration Regulations require the Trustee to assess charges borne by Scheme members and the extent to which those charges and costs represent good value for members.

The annual level of charges and costs applicable to funds in which assets in the Scheme were invested, for the year ending 31 December 2021, are shown in the table below:

Fund Name	Annual Management Charges	Total Expense Ratio	Transaction Costs
Equity:Bond 50:50 Index Fund*	0.150%	0.1623%	0.0375%
Global Equity Market Weights (30:70) Index Fund	0.200%	0.2251%	0.0347%
Over 5 Year Index-Linked Gilts Index Fund	0.100%	0.1000%	0.0403%
Over 15 Year Gilts Index Fund	0.100%	0.1000%	0.0386%
Multi-Asset (formerly Consensus) Fund	0.250%	0.2568%	0.0037%
Cash Fund	0.120%	0.1200%	0.0217%

*Please note that there may be additional costs associated with the rebalancing of this fund, however these costs are not readily available/identifiable.

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Trustee's knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 07.

As the Trustee is a Professional Trustee, this helps to ensure that there is a high level of trustee knowledge and understanding in place.

The Scheme also has dedicated Trustee Representatives who have 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 Trustee is familiar with the SIP and current policies which relate to the Scheme.

As the sole Trustee of the Scheme, Dalriada Trustees Limited will naturally be aware of any Scheme-specific changes to policies or documentation and will record and share that information appropriately.

The Trustee's representatives are members of professional bodies, including being accredited as Professional Trustees by the Association of Professional Pension Trustees. The Trustee Representatives are obliged to self-evaluate on annual basis and comply with their respective training requirements in order to maintain a required level of continuing professional development (CPD) and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPD requirements. The process identifies where the Trustee's representatives can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Scheme. The Trustee's representatives attend both internal and external courses.

Defined Contribution Scheme governance

As Trustee, we have reviewed and assessed that our systems, processes and controls across key governance functions are consistent with those set out in The Pensions Regulator's Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes.

Based on our assessment we believe that we have adopted the standards of practice set out in the DC code, which we believe will help deliver better outcomes for members at retirement.

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INVESTMENT PERFORMANCE

All of the funds invested in have produced positive absolute performance over the 12 months.

	1 Year		3 Years		5 Years	
Legal & General Assurance (Pensions Management) Ltd	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Funds	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Equity Bond (50:50) Index	12.07	12.28	12.16	12.40	8.13	8.40
Over 5y Index Linked	4.12	4.22	7.66	7.74	4.93	5.02
Cash	-0.09	0.03	0.20	0.25	0.23	0.27
Multi Asset (formerly Consensus)	7.96	10.52	9.48	10.38	6.70	6.65
Over 15y Gilts Index	-7.43	-7.31	5.63	5.75	4.04	4.14
Inv't Grade Corp Bond >15yr Ind	-5.78	-5.76	8.36	8.30	5.29	5.22
AAA-AA-A Bond >15 years	-6.79	-6.63	7.37	7.51	4.71	4.83
Global Equity (30:70) Index	19.88	20.07	16.00	16.18	10.89	11.06
2068 Index Linked Gilt	5.36	5.36	13.92	13.91	6.87	6.85

Membership

The change in membership during the year is as follows:

	Deferred Members	Total Members
At start of the year	698	698
Commutations	(3)	(3)
Transfers out	(2)	(2)
Deaths	(2)	(2)
At the end of the year	691	691