

# The Phoenix Pension Fund

Annual Report for the year ended 5 April 2018

Scheme registration number: 12007063

## Contents

Trustees and advisers .....	1
Chair's Statement for the year ended 5 April 2018.....	3
Trustees' Report .....	6
Independent Auditor's Report to the Trustees of The Phoenix Pension Fund .....	10
Fund Account.....	13
Statement of Net Assets.....	14
Notes to the Financial Statements .....	15
Independent Auditor's Statement about Contributions to the Trustees of The Phoenix Pension Fund..	23
Summary of Contributions Payable in the year ended 5 April 2018.....	24
Statement of Investment Principles .....	25

# Trustees and advisers

## Chair

Stacy Rosalind Lunnon (resigned March 2020)

Nick Boyes (appointed March 2020)

## Other Trustees

Workplace Pension Trustees Limited (resigned March 2020)

Able Governance Ltd (appointed June 2019)

Cranfords Trustees Limited (appointed December 2017)

## Sponsoring Employer

Phoenix Company (UK) Limited (discharged September 2018)

8 Cwrt Ty Mawr

Penarth

South Glamorgan

CF64 3PZ

## Fund Administrator

Silverene Administration Limited (resigned April 2019)

50 Chorley New Road

Bolton

BL1 4AP

Quantum Advisory (appointed May 2019)

Cypress House

Pascal Close

St Mellons

Cardiff

CF3 0LW

## Auditors

Roger Bessent FCCA (resigned April 2019)

Gleeson Bessent (Accountants & Business Advisors) Limited

Chartered Certified Accountants & Registered Auditors

1 Navigation Way, Ashton-on-Ribble

Preston, Lancashire

PR2 2YP

Cooper Parry Group Limited (appointed October 2019)

Park View

One Central Boulevard

Blythe Valley Park

Solihull

B90 8BG

# Trustees and advisers (continued)

## Investment Managers

Reyker Securities Plc  
17 Moorgate  
London  
EC2R 6AR

True Potential Investments  
Gateway West  
Newburn Riverside  
Newcastle upon Tyne  
NE15 8NX

## Bankers

HSBC Bank Plc (until October 2019)  
Harry Weston Road  
Binley  
Coventry  
CV3 2SH

HSBC Bank Plc (from May 2020)  
Newport Commercial Centre  
1 Bridge Street  
Newport  
NP20 4UT

Allied Irish Bank (until May 2020)  
Vantage Point  
Hardman Street  
Manchester  
M3 3PL

Metrobank (until January 2018)  
One Southampton Row  
London  
WC1B 5HA



# Chair's Statement for the year ended 5 April 2018

The Chair presents the report for Phoenix Pension Fund for the year ended 5 April 2018.

The year ended 5 April 2018 has been a turbulent year, with Brexit still having a negative effect on Sterling markets and inflation jumping to its highest level in three years. Thankfully, the period has also shown records set in stock markets that has had a positive effect on some of the investments.

This period has not seen major legislative changes being implemented. However, several changes are at consultation level and likely to be in force during the next fiscal year. Regulators are looking deeper into how schemes are implementing and enforcing current requirements and guidelines.

This is the fourth year that the financial statements included in the annual report have had to comply with Financial Reporting Standard 102 and the first year they have had to comply with the new SORP (revised 2018). The main impact of the implementation of the new SORP has been the increased level of disclosure about the investments and the financial risks associated with them.

During the year under review, the Fund took in new members with a total transfer value of £357,616. No members transferred out during the period. In summary:

Total benefits paid to members amounted to £249,086  
Total member contributions received amounted to £1,800.  
The overall Fund value decreased from £2,153,271 to £1,586,254.

## Statement of Investment Principles

The Trustees are responsible for implementing the investment policy for the Fund. The Trustees, in conjunction with their investment advisers, appoint and monitor the performance of, and if necessary remove, fund managers. The Trustees oversee asset allocation and direct cash flow of the Fund between mandates, adjusting portfolios as necessary. The Trustees monitor, review and recommend changes to the policies in respect of investment and corporate governance. A review of the Statement of Investment Principles (SIP) has been undertaken and a copy of the updated SIP is available on page 25 of this report.

## Charges and transaction costs

Regulations require the Trustees to make an assessment of charges and transaction costs borne by DC members and the extent to which those charges and costs represent good value for money for members.

During this year the Trustees have made some significant changes in order to safeguard new and existing members by seeking advice from Copia Wealth Management Limited in order to recommend a regulated investment for the Fund. This decision was made after analysing the performance of some of the existing investments and comparing risks associated with these investments.

# Chair's Statement (continued)

## Charges and transaction costs (continued)

The decision resulted in temporarily higher administration charges to cover the cost of the investment recommendation, as well as the cost of the FCA regulated investment manager, Reyker Securities Plc. The Trustees believe that implementation of these changes brings long-term benefit for all members.

The Trustees also appointed occupational pension scheme administration specialist Silverene Administration Limited to act as the Fund's administrator. This decision was based on cost benefit analysis and the Trustees were able to reduce administration cost as a result of this appointment.

The following charges have been agreed with the Fund's administrator:

- In respect of the processing of each new member application, there will be a charge of 3% of the transfer value.
- In respect of the ongoing management of the Fund, an Annual Management Charge (AMC) of 1.5 % of funds under management will be levied quarterly. The AMC is not subject to VAT.

Sections 247 and 248 of the Pensions Act 2004 set out the requirements 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 Pensions Regulator's Code of Practice 07. The comments in this section relate to the Trustees as a body in dealing with the whole scheme and are not restricted to DC schemes.

The Trustees have put in place arrangements for ensuring that they take personal responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs.

The self-assessments are reviewed and arrangements made for training to be made available to individual Trustees. In addition, the Trustees receive, when required, advice from professional advisers and the relevant skills and experience of those advisers are key criteria when evaluating advisor performance or selecting new advisers.

All existing Trustees have completed the Pensions Regulator's Trustee Toolkit and new Trustees are required to complete this within six months of taking up office.

Taking account of actions taken individually and as a trustee body and the professional advice available to them, the Trustees consider that they are enabled to properly exercise their functions as Trustees of the Fund.

# Chair's Statement (continued)

## DC Scheme Governance

As Trustees of The Phoenix Pension Fund, 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.
- Regulatory guidance for defined contribution schemes.

The code of practice and regulatory guidance are underpinned by the DC quality features.

Based on our assessment, we believe that we have adopted the standards of practice set out in the code of practice and regulatory guidance. These help demonstrate the presence of DC quality features which we believe will help deliver better outcomes for members at retirement.

## On behalf of the Trustees:

Chair: ..... *NB*

Date: ..... *4 sept 2020*

# Trustees' Report

The Trustees present their report for the year ended 5 April 2018.

## **The Fund**

The Fund is a Defined Contribution Occupational Pension Scheme established by Trust Deed dated 8 March 2013.

It is registered with The Pensions Regulator (PRS No 12007063) and with H.M. Revenue & Customs (PSTR No. 00797160RG).

There have been no changes to the Trust Deed during the year.

Responsibility for setting the strategy and for managing the Fund rests with the Trustees. The Board of Trustees meet twice a year and decisions are passed on a simple majority of those voting.

The Fund rules contain provisions for appointment and removal of Trustees. The number of Trustees shall never be more than 4 or (except where the Trustees are or include a company) less than 2.

The Trustees have agreed a business plan to support their governance arrangements. This includes periodic reviews of registers of risk and conflicts to ensure that appropriate internal controls are put in place and remain effective.

The Trustees have appointed professional advisers and other organisations to support them in delivering the Fund's objectives. These individuals and organisations are listed on pages 1 and 2. The Trustees have written agreements in place with each of them.

## **Management of the Fund**

The Trustees during the period under review were Workplace Pension Trustees Limited and Cranfords Trustees Limited.

The administrator of the Fund during the period under review was Silverene Administration Limited.

## **Fund advisers**

During the year, Silverene Administration Limited was the administrator and Floyd Paterson of Copia Wealth was the Financial Adviser. At the time of preparing this report the Fund administrator is Quantum Advisory.

## **Sponsoring Employer**

Phoenix Company (UK) Limited was the Sponsoring Employer until September 2018 when the company was discharged from its duties. The powers and discretions vested in the former Principal Employer are now vested in the Trustees alone.

## **Fund Auditors**

Effective April 2019 Gleeson Bessent resigned as the Fund's Auditor and the Trustees have appointed Cooper Parry Group Limited in their place.



# Trustees' Report (continued)

## Membership

Details of membership of the Fund during the year are shown below:

	Active members	Pensioners	Deferred pensioners	Total
At 6 April 2017	2	35	58	95
Restatement of 2017	2	(8)	(11)	(17)
Increase	-	5	14	19
Decrease	(1)	(2)	(7)	(10)
<b>At 5 April 2018</b>	<b>3</b>	<b>30</b>	<b>54</b>	<b>87</b>

## Participating employees

All members are either employed by the Sponsoring Employer or have been invited to join the Fund by the Trustees.

## The Pensions Tracing Service, Pensions Advisory Service, Pensions Ombudsman and The Pensions Regulator

In accordance with the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996, members are advised that:

- Information about the Fund (including information as to the address at which Trustees may be contacted) has been given up to the Pensions Tracing Service. Enquiries should be addressed to The Pensions Tracing Service, The Pensions Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU.
- The Pensions Advisory Service (TPAS) of 120 Holborn, London, EC1N 2TD is available to assist members and beneficiaries with difficulties which they cannot resolve with the Trustees or administrator.
- The Pensions Ombudsman of 10 South Colonnade, Canary Wharf, London, E14 4PU may investigate and determine any complaint or dispute of fact or law which they have failed to resolve with the Trustees or administrator, in relation to an occupational pension scheme.
- In addition to the above, the Pensions Regulator regulates company pension schemes. Pension scheme auditors, scheme actuaries and others have a statutory duty to make an immediate report to the Pensions Regulator in certain circumstances. The address of the Pensions Regulator is Napier House, Trafalgar Place, Brighton, BN1 4DW.

## Enquiries

Enquiries about the Fund should be addressed to the current Administrator, Quantum Advisory, at the address given on page 1 of this report.

# Trustees' Report (continued)

## Investment management

The Trustees have produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995, a copy of which is available on page 25 of this report.

The Fund is operated with a number of funds being available to members by their own choice. The funds have a full fund description made available to members before they join.

Only if a member does not make a choice will the Trustees invest the funds in a default fund. This fund is a low to medium risk fund investing in cash and fixed interest, in the main.

Some of the investments have a time horizon for the investment to mature, meaning that the current valuation is the initial investment value as there is no cash-in value at present.

Overall the funds offered by the Trustees undergo a due diligence process before being offered and are in the main high growth funds suitable for investors where monies invested do not represent their full pension savings.

Further details of the current fund options can be found in the investment choice leaflet.

The Trustees' policy is that the extent to which social, environmental or ethical considerations are taken into account in specific investment decisions is left to the discretion of its investment manager. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights.

## Compliance matters

The individual financial statements of The Phoenix Pension Fund have been prepared in accordance with the Occupational Pensions Schemes (requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised June 2018) ("SORP").

Trustee:  .....

Date:  .....

4 Sept 2020

4 Sept 2020

# Trustees' Report (continued)

## Statement of Trustees' Responsibilities for the year ended 5 April 2018

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS102), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the fund year and of the amount and disposition at the end of the fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the fund year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustees are also responsible for making available certain other information about the Fund in the form of an Annual Report.

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

The Trustees are responsible under pensions legislation for securing that Fund Rules are prepared, maintained and from time to time revised showing the rates of contributions payable towards the Fund by or on behalf of the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the members in accordance with the Fund Rules. Where breaches of the Rules occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Signed on behalf of the Trustees:

Trustee: ..... NBG  
Date: ..... 4 Sept 2020

Trustee: ..... [Signature]  
Date: ..... 4 Sept 2020



# Independent Auditor's Report to the Trustees of The Phoenix Pension Fund

## Qualified opinion

We have audited the financial statements of The Phoenix Pension Fund for the year ended 5 April 2018 which comprise the Fund Account, the Statement of Net assets and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 5 April 2018, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## Basis for qualified opinion

The Fund holds investments in managed funds and cash deposits with Reyker Securities Plc. We were unable to obtain sufficient appropriate audit evidence about the completeness of the investment at 5 April 2018 directly from the investment manager due to the fact that Reyker Securities Plc had gone into administration. Consequently, we were unable to determine whether any adjustments to these amounts were necessary, or the valuation was complete and not materially misstated.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund 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.

## Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 2 to the financial statements which explains that the Trustees intend to trigger the winding-up of the Fund in the near future and therefore the Trustees do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2. Our opinion is not modified in respect of this matter.



# Independent Auditor's Report to the Trustees of The Phoenix Pension Fund (continued)

## **Emphasis of matter – non-adjusting post balance sheet event**

We draw attention to Note 18 to the financial statements which explains the position of the Fund's investments after the balance sheet date, which includes details of the administration of Reyker Securities Plc. This is considered to be a non-adjusting post balance sheet event and no adjustments have been made to these financial statements as a result. Our opinion is not modified in respect of this matter.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements, our Auditor's report thereon and our Auditor's statement about contributions. The Trustees are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities within the Report of the Trustees, the Fund's Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's Report to the Trustees of The Phoenix Pension Fund (continued)

## Auditor's responsibilities for the audit of the financial statements

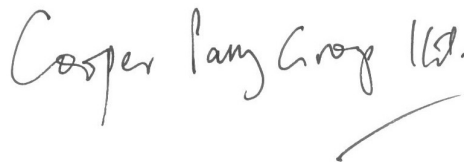
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

## Use of our report

This report is made solely to the Fund's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and Fund's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Cooper Parry Group Limited**  
Chartered Accountants  
Statutory Auditor  
Park View  
One Central Boulevard  
Blythe Valley Park  
Solihull  
B90 8BG



Date 10 September 2020

# Fund Account

For the year ended 5 April 2018

		2018	2017
	Note	£	£
<b>Contributions</b>	4		
Employee contributions		1,800	2,418
<b>Total contributions</b>		<b>1,800</b>	<b>2,418</b>
Transfers in	5	357,616	339,849
		<b>359,416</b>	<b>342,267</b>
<b>Benefits and other payments</b>			
Benefits	6	(249,086)	(187,585)
Payments to and on account of leavers	7	-	(333,689)
Other payments	8	(151)	(85)
Administrative expenses	9	(51,386)	(69,478)
		<b>(300,623)</b>	<b>(590,837)</b>
<b>Net additions/(withdrawals) from dealings with members</b>		<b>58,793</b>	<b>(248,570)</b>
<b>Returns on investments</b>			
Investment income		(112,726)	200,719
Change in market value of investments		(513,084)	(28,226)
<b>Net returns on investments</b>	10	<b>(625,810)</b>	<b>172,493</b>
<b>Net decrease in the fund during the year</b>		<b>(567,017)</b>	<b>(76,077)</b>
<b>Opening net assets of the Fund</b>		<b>2,153,271</b>	<b>2,229,348</b>
<b>Closing net assets of the Fund</b>		<b>1,586,254</b>	<b>2,153,271</b>

The notes on pages 15 to 22 form an integral part of these financial statements.



# Statement of Net Assets

## Available for benefits as at 5 April 2018

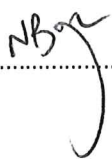
		2018	2017
	Note	£	£
<b>Investment assets</b>	10		
Managed funds		766,524	651,032
Fixed term loans		242,500	946,925
Cash deposits		586,330	426,529
		<b>1,595,354</b>	<b>2,024,486</b>
<b>Current assets</b>	13	-	159,784
<b>Current liabilities</b>	14	(9,100)	(31,000)
<b>Total net assets available for benefits</b>		<b>1,586,254</b>	<b>2,153,270</b>

The notes on pages 15 to 22 form an integral part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year.

These financial statements, on pages 13 to 22, were approved by the Trustees on ..... 4 Sept 2018

Signed on behalf of the Trustees by:

Trustee: ..... 

# Notes to the Financial Statements

## 1. General information

The Fund is a Defined Contribution Occupational Pension Scheme established by Trust Deed dated 8 March 2013. It is registered with The Pensions Regulator (PRS No 12007063) and with H.M. Revenue & Customs (PSTR No. 00797160RG).

## 2. Statement of compliance

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 (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and with the guidance set out in the Statement of Recommended Practice (SORP) (revised 2018). The Trustees decided to early adopt the 2018 SORP which is applicable to all accounting periods commencing on or after 1 January 2019.

In previous periods, the financial statements have been prepared on a going concern basis. However, as the Trustees intend to trigger the winding-up of the Fund in the near future, the Trustees have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

The Trustees are monitoring the impact of the Coronavirus on the Fund's investments and are following advice from The Pensions Regulator and duly appointed Fund advisers in order to take the appropriate actions as required

## 3. Accounting policies

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements.

### Contributions and benefits

Contributions from members are recognised in the Fund account in the period they are received.

### Payments to members

Pensions in payment are accounted for in the period to which they relate.

Individual transfers in and out of the Fund are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

### Expenses

Expenses are accounted for on an accruals basis.

### Investment income

Dividends from equities are accounted for on the ex-dividend date.

Income from loans is accrued in line with agreed terms.

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

### Investments

Managed funds are reflected in the financial statements at their market value at the balance sheet date.

Loans are included at fair value which the Trustees consider to be the recoverable amount.

## Notes to the Financial Statements (continued)

### 3. Accounting policies (continued)

#### Foreign currencies

The Fund's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the year-end.

Foreign currency transactions are recorded in sterling at the spot exchange at the date of the transaction.

### 4. Contributions

	2018	2017
	£	£
Employee contributions		
Normal	1,800	2,418
Total contributions	1,800	2,418

### 5. Transfers in

	2018	2017
	£	£
Individual transfers in from other schemes	357,616	339,849

### 6. Benefits

	2018	2017
	£	£
Commutations and lump sum retirement benefits	79,639	53,029
Lump sum death benefits	57,789	11,453
Other benefits	111,658	123,103
	249,086	187,585

### 7. Payments to and on account of leavers

	2018	2017
	£	£
Individual transfers to other schemes	-	333,689

### 8. Other payments

	2018	2017
	£	£
Bank charges	151	85



## Notes to the Financial Statements (continued)

### 9. Administrative expenses

	2018	2017
	£	£
Audit fee	15,100	5,400
Investment management fees	7,374	6,947
Administration fees	18,391	48,000
Transfer fees	10,461	9,131
Payroll fees	60	-
	<b>51,386</b>	<b>69,478</b>

### 10. Investments

#### Investment income

	2018	2017
	£	£
Interest on cash deposits	246	600
Other investment income	6,087	68
Loan interest	(119,059)	200,051
	<b>(112,726)</b>	<b>200,719</b>

In 2017 additional interest income was accrued for in relation to the Fixed term loans detailed below. This accrual was subsequently reversed in 2018 as the Privilege Wealth loan value has subsequently been written down to £Nil as detailed below.

#### Movements in investments

	Value as at 6 April 2017	Purchases at cost	Sales Proceeds	Change in market value	Value as at 5 April 2018
	£	£	£	£	£
Managed funds	651,032	140,591	(2,015)	(23,084)	<b>766,524</b>
Fixed term loans	946,925	40,725	(255,150)	(490,000)	<b>242,500</b>
	1,597,957	181,316	(257,165)	(513,084)	<b>1,009,024</b>
Cash deposits	426,529				<b>586,330</b>
	<b>2,024,486</b>				<b>1,595,354</b>

## Notes to the Financial Statements (continued)

### 10. Investments (continued)

The cash balances of £85,849 held within Managed funds in 2017 have been reclassified as Cash deposits for the purpose of these accounts. This is to enable a more accurate illustration of the purchases/sales proceeds in the Managed funds during the year. Similarly the cash funds held with Investors Europe (Mauritius) Limited have also been reclassified as Cash deposits when they were previously classified as Equities.

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs include costs charged directly to the Fund such as commissions and stamp duty.

The following investments, excluding UK Government securities, account for more than 5% of the Fund's net assets as at 5 April:

	2018	2017
	£	£
Managed funds (including cash balances) – Reyker (£'s)	<b>967,112</b>	671,860
Percentage of net assets (%)	<b>61.0</b>	31.2
Investors Europe (Mauritius) Limited holding account	<b>100,000</b>	100,000
Percentage of net assets (%)	<b>6.3</b>	4.6
3 <sup>rd</sup> Party Loan – Privilege Wealth (£'s)	-	490,000
Percentage of net assets (%)	-	22.8
3 <sup>rd</sup> Party Loan – Foreign & New Investments (£'s)	<b>132,500</b>	132,500
Percentage of net assets (%)	<b>8.4</b>	6.2
3 <sup>rd</sup> Party Loan – Foreign & New Investments (£'s)	<b>110,000</b>	110,000
Percentage of net assets (%)	<b>6.9</b>	5.1
3 <sup>rd</sup> Party Loan – Pure House (£'s)	-	214,425
Percentage of net assets (%)	-	10.0

The 3<sup>rd</sup> Party Loan for Pure House was paid and settled during the year ended 5<sup>th</sup> April 2018. The £110,000 3<sup>rd</sup> Party Loan for Foreign & New Investments was paid and settled between June 2019 and November 2019. Following information received post year end the Privilege Wealth loan value has been written down to £Nil. This is due to the Privilege Wealth organisation and its affiliates entering administration in January 2018. A report received from the administrators in early 2020 confirmed that unsecured creditors are unlikely to receive any further dividend.



# Notes to the Financial Statements (continued)

## 11. Investment Fair Value Hierarchy

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

- Level 1** The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2** Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3** Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

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

At 5 April 2018	Level 1	Level 2	Level 3	Total
	£	£	£	£
Fixed term loans	-	-	242,500	242,500
Managed funds	-	-	766,524	766,524
Cash deposits	586,330	-	-	586,330
	<b>586,330</b>	-	<b>1,009,024</b>	<b>1,595,354</b>

At 5 April 2017	Level 1	Level 2	Level 3	Total
	£	£	£	£
Fixed term loans	-	-	946,925	946,925
Managed funds	-	-	651,032	651,032
Cash deposits	426,529	-	-	426,529
	<b>426,529</b>	-	<b>1,597,957</b>	<b>2,024,486</b>

The Fund's fixed term loan assets as at 5<sup>th</sup> April 2017 were previously included as Level 2, however following information received post year end these assets have been reclassified as Level 3 for correctness. The cash balances held within Managed funds in 2017, as well as those previously classified as Equities, have been reclassified as Cash deposits for the purpose of these accounts.

# Notes to the Financial Statements (continued)

## 12. 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.
- (i) 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.
- (ii) 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.
- (iii) 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.

### Investment strategy

The Trustees' objectives is to make available to members of the Fund an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members, will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product) . The Statement of Investment Principles outlines the investment objectives and strategy for the Defined Contribution assets of the Fund.

### Credit risk

The Trustees and their advisers apply a risk-based approach to ensure borrowing criteria is suitable for the Fund and that there is sufficient diversification. Credit insurance is applied where necessary.

### Currency risk

The Trustees monitor currency exposure and ensure that any overseas assets are diversified across various currencies.

### Interest rate risk

The Trustees and their advisers closely monitor markets and ensure that the portfolio is diversified to avoid over-exposure. Investment in fixed rate loan notes also protects fund values from interest falls.

## Notes to the Financial Statements (continued)

### 13. Current assets

	2018	2017
	£	£
Accrued interest	-	159,784

### 14. Current liabilities

	2018	2017
	£	£
Accrued expenses	9,100	6,000
Tax deducted from benefits	-	25,000
	<b>9,100</b>	<b>31,000</b>

### 15. Related party transactions

Included in Administrative expenses, as detailed in note 9, is £17,960 in relation to services provided by Workplace Pension Trustees Limited (2017: £9,131).

In the opinion of the Trustees there were no other related party transactions during the year ended 5 April 2018 (2017: £Nil)

### 16. Contingent liabilities and contractual commitments

In the opinion of the Trustees, the Fund had no contingent liabilities at 5 April 2018 (2017: £Nil).

### 17. Employer-Related Investments

There were no direct or indirect employer-related investments during the year.

### 18. Subsequent events

At 5 April 2018, the assets held by Reyker Securities Plc (as custodian) totalled £967,112 of the total investment balance of £1,595,354, and were split between Custody Assets (held within managed funds) of £270,364, assets with Blackmore Multi Strategy Asset Backed ETI of £430,531 and cash balances of £266,217.

Reyker Securities Plc were placed in Special Administration in October 2019. The Joint Special Administrators are currently working to recover the client money and client custody assets, but have suspended further payments from the assets until they had made full assessment of the situation, so the Fund's assets with Reyker Securities Plc have been frozen.



# Notes to the Financial Statements (continued)

## 18. Subsequent events (continued)

In October 2019, the Trustees informed the members that they had decided that no payments could be made from the Scheme until further notice.

Blackmore Bond Plc, part of the Blackmore Group, has also been placed in Administration (April 2020).

Between 5 April 2018 and October 2019 certain amounts had been returned to the Fund from Reyker Securities Plc and the Trustees are expecting a distribution of some of the remaining cash balances from the Joint Special Administrator during 2020.

The Trustees are working with the Joint Special Administrators and their advisers to maximise the recovery of the assets for the members, which will include applying for the applicable FSCS compensation available on the investment when appropriate. However, there is no certainty over the actual amounts which will be returned and it has not been possible to ascertain with accuracy the impact on the investment valuations.

These events are considered to be non-adjusting post balance sheet events as the circumstances were not in place at 5 April 2018.

Details of changes in the Trustees, sponsoring employer and advisers since 5 April 2018 are given in the Trustees and Advisers pages of this report.

During March 2020, World stock markets took a sharp decline as a result of the impact of the Coronavirus pandemic. As at the date of signing the financial statements, stock market indices around the World have fallen in the region of 10% to 15% and remain volatile.

It has not been possible to ascertain with accuracy the impact on the investment portfolio following the reporting date. The Trustees consider this to be a non-adjusting post balance sheet event.

# Independent Auditor's Statement about Contributions to the Trustees of The Phoenix Pension Fund

We have examined the Summary of Contributions to The Phoenix Pension Fund for the Fund year ended 5 April 2018 which is set out on page 24.

In our opinion contributions for the Fund year ended 5 April 2018 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 Fund and the timing of those payments under the Scheme Rules.

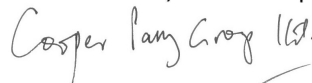
## Respective responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Fund's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, Scheme Rules and for monitoring whether contributions are made to the Fund by the Fund members in accordance with the Scheme Rules.

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 statement is made solely to the Fund's Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Fund's Trustees those matters we are required to state to them in such 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 Fund and the Fund's Trustees, as a body, for our work on contributions, for this statement, or for the opinions we have formed.



**COOPER PARRY GROUP LIMITED**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA  
Date: 10 September 2020

# Summary of Contributions Payable in the year ended 5 April 2018

During the year, the contributions paid to the Fund were as follows:

	£
Employee normal contributions	1,800
<b>Total contributions payable in line with the Scheme Rules and reconciled to the financial statements</b>	<b>1,800</b>

Signed on behalf of the Trustees by:

Trustee: .....  ..... Date: ..... 4 Sept 2020 .....

# Statement of Investment Principles



## THE PHOENIX PENSION FUND STATEMENT OF INVESTMENT PRINCIPLES

This statement of Investment Principles is produced to meet the requirements of the Pensions Act 2004 and to reflect the Government's voluntary code "the Myners Principles". The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements

# Statement of Investment Principles (continued)

## Table of Contents

INTRODUCTION.....	3
GOVERNANCE OF THE SCHEME.....	3
OBJECTIVES AND RESPONSIBILITIES OF THE TRUSTEE.....	3
INVESTMENT POLICY.....	4
INVESTMENT SUMMARIES.....	5
LISTED INVESTMENT SCHEMES & PRODUCTS.....	5
ALTERNATIVE INVESTMENT PRODUCTS.....	6
RESPONSIBLE INVESTMENT.....	6
PRINCIPLES OF ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE (ESG).....	6
RISKS.....	7
COMPLIANCE WITH AND REVIEW OF THIS STATEMENT.....	8
RIGHTS (INCLUDING VOTING RIGHTS) ATTACHED TO THE INVESTMENTS.....	8
CONFLICT OF INTEREST.....	8



# Statement of Investment Principles (continued)

## Introduction

This Statement of Investment Principles (the “**Statement**”) has been prepared by the directors of My Workplace Pension Trustees Ltd (the “**Corporate Trustee**”). This Statement sets out the details of the principles governing the investment policy of The Phoenix Pension (the “**Scheme**”).

The Statement complies with the requirements of the Section 35 of the Pensions Act 1995, as amended, and the Occupational Pension Schemes (Investment) Regulations 2005 (together the “**Regulations**”).

The Statement is reviewed annually or whenever the Trustees are alerted to material change in the Scheme’s funding position, which is outside the boundaries the Trustees have determined for automatic changes to the strategic asset allocation and risk tolerance, or to any of the matters which this Statement is required to cover by the Regulations.

## Governance of the Scheme

The Phoenix Company Ltd has appointed the Trustees to make proper arrangements for governance, management, benefits and financial administration and investment of the Scheme, and as such decides on the investment policy most suitable to meet the liabilities within the Scheme and has ultimate responsibility for the investment strategy.

The Trustees have set the investment policy for the Scheme as set out below. The Trustees have appointed two Fund Managers, 7IM and Reyker Securities, but will continue to act as Investment Managers being responsible for implementation of the overall investment policy.

## Objectives and Responsibilities of the Trustee

The Trustees are responsible for the stewardship of the Scheme’s assets. The Trustees’ responsibilities also include:

- Ensuring all beneficiaries receive the benefits to which they are entitled under the Rules of the Scheme;
- Ensuring there are sufficient assets to meet the Scheme’s liabilities as they fall due; and
- Ensuring that no more than 5% of the current market value of the Scheme’s assets is invested in “employer related investments” (as defined in section 40(2) of the Pensions Act 1995).

# Statement of Investment Principles (continued)

The Trustees acting as the Investment Manager will ensure that:

- Assets are invested in the best interest of Members and beneficiaries, and in the case of a potential conflict of interest, in the sole interest of Members and beneficiaries;
- investments are made in a manner calculated to ensure the security, quality, liquidity and profitability of the asset portfolio as a whole;
- ensures that the assets consist predominantly of investments admitted to trading on 'regulated markets', and any assets not admitted to trading on such markets must be kept on a prudent level; and
- ensures that the assets are properly diversified so as to avoid excessive reliance on any particular asset, issuer or group of undertakings, and so as to avoid accumulations of risk in the portfolio as a whole.
- invests the asset in the best interest of members and beneficiaries;
- invests in a manner calculated to ensure the security, quality, liquidity and profitability of the asset portfolio as a whole;
- ensures that the assets consist predominantly of investments admitted to trading on 'regulated markets'; and
- ensures that assets are properly diversified so as to avoid excessive reliance on any particular asset, issuer or group of undertakings, and so as to avoid accumulation of risk in the portfolio as a whole.

The Trustees must ensure such investments are in Members' best financial interest, and must ensure that neither the Investment Manager nor the Trustees puts their own ethical or social concerns above this duty to members.

There are many different combinations of assets and investment management approaches that could be adopted in targeting a particular level of investment risk and/or expected return. The Investment Manager's objective is to identify those combinations that it believes are likely to minimise the level of risk taken for the level of return sought.

Members are reminded that the investments can go up or down in value over time and that the Investment Manager cannot guarantee positive returns will be achieved.

## Investment Policy

The Trustees set the Investment Policy, which is reviewed following each actuarial valuation or asset liability study. When setting the Investment Policy, the Trustees must comply with the provisions of the Occupational Pension Schemes (investment) Regulations 2005 (the "Investment Regulations") to

# Statement of Investment Principles (continued)

ensure that the majority of the portfolio is invested in investments on regulated markets.

The trustees are responsible for implementing the Investment Policy. The Trustees, in conjunction with investment advisers, appoints and monitors the performance of and removes fund managers. It oversees asset allocation and directs the cash flow of the Scheme between investment mandates, adjusting portfolios as necessary. The Trustees monitor, review and recommend changes to the policies in respect of investment and corporate governance.

It is the Scheme's intention to offer its members a balanced investment strategy. The majority of the funds will be invested in listed investment schemes or products. The remainder of the funds are invested in alternative investment schemes or products, to provide diversification and access to potentially higher returning investment opportunities.

The Scheme aims to achieve on average an annualised return for its membership of 5% after running costs, fees and expenses.

The Scheme is infant, in terms of benefit liabilities and short-term cash flow is not a prime issue.

The current policy on realising investments to meet the benefit outgoings and transfer payments are reviewed regularly in light of the changes to the membership of the pension scheme, taking into consideration the age profile of the members.

## Investment Summaries

### Listed Investment Schemes & Products

The Scheme will invest predominantly in multi-manager investment schemes and products and other listed investment schemes. This will provide diversified investment across numerous investment managers and provide a solid and stable foundation to the Member's investment portfolio. This will also ensure flexibility if access to the funds is required.

Regulated Funds are under discretionary fund managers:

- Reyker Securities Plc at a low and medium risk rating as chosen by the members and recommended by the Scheme Financial Adviser.
- 7IM at a low and medium risk rating as chosen by the members.
- Cash deposits.



# Statement of Investment Principles (continued)

## Alternative Investment Products

A proportion of the available funds will be invested in alternative products with the intention of gaining access to higher returning investment opportunities to increase the value of the fund and to provide a diversified portfolio of investments.

An alternative investment is not one of the three traditional asset types (stocks, bonds and cash). It can be complex in nature and have less liquidity. Alternative Investments are favoured due to their returns having a low correlation with those of standard asset classes.

The Trustees will consider a range of alternative investments including commercial and residential property, bridging lending schemes and legal funding schemes.

## Responsible Investment

The Trustees aim to be engaged and responsible long-term investor in the assets and markets in which it invests. The Trustees believe that the integration of these factors within the Investment Manager's investment process is not detrimental to the risk and the sustainable long term expected returns from the Scheme's investments. The Investment Manager is encouraged to take these factors into account.

The allocation of investments will vary as the Scheme responds to changes in its funding ratio and required rate of return.

## Principles of Environmental, Social, and Corporate Governance (ESG)

The Trustees recognise the duty to act in the best long-term interests of the members. In this fiduciary role, environmental, social, and corporate governance issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). The Trustees also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with fiduciary responsibilities, the Trustees commit to the following:

- Incorporate ESG issues into investment analysis and decision making processes;
- Appropriate disclosure on ESG issues by the entities in which we invest
- Promote acceptance and implementation of the Principles within the investment industry
- Not to knowingly invest into countries that:
  1. are on the United Nations trade embargo list;
  2. in companies that are involved in terrorism, money laundering, drug trafficking or any other serious crime;

# Statement of Investment Principles (continued)

- 3. in companies that do not take into account the reasonable long term interest of their stakeholders.
- To avoid companies that are in the Investment Manager's opinion persistently behaving without due regard to the environment or society as a whole.

## Risks

Risk and Definition	Controls and Mitigation
<b>Concentration/ Correlation:</b> The risk that the Scheme has a significant exposure to assets that rise and fall in value at the same time.	Diversify investments across and within asset classes, to avoid over exposure to any one market. Monitor Scheme assets.
<b>Currency:</b> The risk that the Scheme has a large exposure to overseas currency.	Monitor currency exposure. Ensure that the Scheme's overseas investments are diversified across currencies.
<b>Liquidity:</b> The risk of the Scheme not meeting the liabilities as they fall due.  There is a liquidity risk attached to assets which may not always be readily realisable or whose market values may be adversely affected by the Scheme seeking to realise them.	Regularly review and adjust the amount of cash held to pay benefits to minimise the impact of cash flow on investment policy.  The Trustees believe the Scheme's long-term investment horizon justifies a degree of liquidity risk where such a risk is rewarded and a proportion of the Scheme's assets are invested in less liquid assets.
<b>Matching:</b> The risk that cash flows and investment returns generated fail to meet the liabilities.	Give consideration to the specific characteristics of the Scheme's liabilities when setting the investment strategy. Regularly review progress of the Scheme's investments relative to its liabilities.
<b>Operational:</b> The risk that there is a breakdown of the Scheme's investment back office or in the operation of financial markets.	Monitor the Scheme's investment back office and the ability of the custodian holding the Scheme assets to settle trades on time and to provide secure custody.
<b>Regulatory:</b> The risk arises from investing in a market environment where the regulatory regime may change.	Monitor regulatory changes.

# Statement of Investment Principles (continued)

## Compliance with and Review of this Statement

The Trustees will review compliance with this Statement on a regular basis. The Statement will be reviewed at least annually or whenever the Trustees are alerted to a material change in the Scheme's funding position, which is outside the boundaries determined for automatic changes to the strategic asset allocation and risk tolerance, or to any of the matters, which this Statement is required to cover by the Regulations.

## Rights (including voting rights) attached to the investments

None of the Investments held confer any voting rights.

## Conflict of Interest

The Trustees have no financial interest in the Scheme.

## Signed on behalf of Workplace Pension Trustees Limited

Signed: Stacy R. Lunnon

Position: Director

Date: 28 October 2016