

The Phoenix Pension Fund

Report for the period 6 April 2018 to 5 October 2019

Scheme registration number: 12007063

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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

Sponsoring Employer

Phoenix Company (UK) Limited (discharged September 2018)

63 Heol Cae Tynewydd

Loughor

Swansea

SA4 6PW

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)

Sky View

Argosy Road

East Midlands Airport

Derby

DE74 2SA

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

Legal Advisers

Pension Partners LLP (appointed June 2019)
The Old Rectory
Hallow
Worcester
WR2 6PF

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

Trustees' Report

The Trustees present their report for the period 6 April 2018 to 5 October 2019.

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 period.

Responsibility for setting the strategy and for managing the Fund rests with the Trustees. The Board of Trustees meet at least twice a year and decisions are passed on a simple majority of those voting. In the event of a split decision the Chair has a casting vote.

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.

The financial statements on pages 10 to 19 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

Management of the Fund

The Trustees during the period under review were Workplace Pension Trustees Limited, Cranfords Trustees Limited and Able Governance Ltd.

The administrators of the Fund during the period under review were Silverene Administration Limited and Quantum Advisory.

Extended period of accounts

This report has been prepared for an 18 month period from 6 April 2018 to 5 October 2019 in order to improve the Fund's financial reporting. Previously the Fund's accounting year was 5 April.

Fund advisers

During the period, Silverene Administration Limited resigned as administrator in April 2019 and were replaced by Quantum Advisory who were appointed in May 2019.

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.

Trustees' Report (continued)

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 with effect from October 2019.

Membership

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

	Active members	Pensioners	Deferred pensioners	Total
At 6 April 2018	3	30	54	87
Increase	-	1	3	4
Decrease	(3)	(1)	(3)	(7)
At 5 October 2019	-	30	54	84

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 latest Statement of Investment Principles produced for the Scheme was signed in October 2016, a copy of which is available on page 25 of this report. Given the size of the Scheme, there is no legal requirement for the Trustees to produce an up to date Statement of Investment Principles.

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

Only if a member did not make a choice would 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. As the intention is to wind up the Scheme, the Trustees are currently holding the assets as cash as each investment is realised.

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.

Some of the investments made by the Trustees in the early stages of the Scheme have, regrettably, failed. The current Trustees are pursuing claims where possible in an attempt to minimize the losses, but the likelihood of a positive outcome is uncertain.

The funds invested in earmarked accounts with Reyker Securities had been suspended due to the passing of Reyker into Special Administration. The Trustees are pleased to report that these funds have been transferred to a new broker, James Brearley & Sons, and that the costs of the Special Administration have been met in full by the Financial Services Compensation Scheme.

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").

Signed on behalf of the Trustees:

Trustee:

Date:

NB

22ND MARCH 2021

Trustees' Report (continued)

Statement of Trustees' Responsibilities for the period 6 April 2018 to 5 October 2019

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 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 period and of the amount and disposition at the end of the Fund period of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund period; 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 a 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: 

Date: 22nd March 2021.

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 period 6 April 2018 to 5 October 2019 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 period 5 April 2018 to 5 October 2019, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the period;
- 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 and 5 October 2019 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 17 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 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)

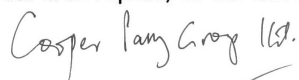
Auditor's responsibilities for the audit of the financial statements

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. 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

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Date 25 March 2021

Fund Account

For the period ended 5 October 2019

		18 months to 5 October 2019	12 months to 5 April 2018
	Note	£	£
Contributions	4		
Employee contributions		1,210	1,800
Total contributions		1,210	1,800
Transfers in	5	-	357,616
		1,210	359,416
Benefits and other payments			
Benefits payable	6	(178,291)	(249,086)
Payments to and on account of leavers	7	(40,854)	-
Other payments	8	(237)	(151)
Administrative expenses	9	(58,185)	(51,386)
		(277,567)	(300,623)
Net (withdrawals)/additions from dealings with members		(276,357)	58,793
Returns on investments			
Investment income		12,704	(112,726)
Change in market value of investments		10,784	(513,084)
Net returns on investments	10	23,488	(625,810)
Net decrease in the fund during the period		(252,869)	(567,017)
Opening net assets of the Fund		1,586,254	2,153,271
Closing net assets of the Fund		1,333,385	1,586,254

The notes on pages 12 to 19 form an integral part of these financial statements.

Statement of Net Assets

Available for benefits as at 5 October 2019


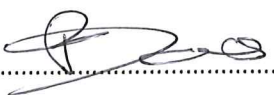
		5 October 2019	5 April 2018
	Note	£	£
Investment assets	10		
Managed funds		707,655	766,524
Fixed term loans		142,500	242,500
Cash deposits		519,388	586,330
		1,369,543	1,595,354
Current liabilities	13	(36,158)	(9,100)
Total net assets available for benefits		1,333,385	1,586,254

The notes on pages 12 to 19 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 period.

These financial statements, on pages 10 to 19, were approved by the Trustees on 12 MAR 2021

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 under English Law. It is registered with The Pensions Regulator (PRS No 12007063) and with H.M. Revenue & Customs (PSTR No. 00797160RG). The address for enquires is listed on page 1 of this report.

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. The Trustees intend to trigger the winding-up of the Fund in the near future therefore 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 pandemic 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

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

Payments to and from 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.

Retirement benefits are recognised when the member notifies the Fund of their chosen option, or where no member choice, on the date of retirement.

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

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 period-end.

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

4. Contributions

	2019	2018
Employee contributions	£	£
Normal	1,210	1,800
Total contributions	<u>1,210</u>	<u>1,800</u>

5. Transfers in

	2019	2018
	£	£
Individual transfers in from other schemes	<u>-</u>	<u>357,616</u>

6. Benefits payable

	2019	2018
	£	£
Commutations and lump sum retirement benefits	16,880	79,639
Lump sum death benefits	141	57,789
Other benefits	161,270	111,658
	<u>178,291</u>	<u>249,086</u>

7. Payments to and on account of leavers

	2019	2018
	£	£
Individual transfers to other schemes	<u>40,854</u>	<u>-</u>

8. Other payments

	2019	2018
	£	£
Bank charges	<u>237</u>	<u>151</u>

Notes to the Financial Statements (continued)

9. Administrative expenses

	2019	2018
	£	£
Audit fee	22,400	15,100
Investment management fees	2,048	7,374
Administration fees	18,846	18,391
Legal and other professional fees	14,641	-
Transfer fees	-	10,461
PPF and other levies	250	-
Payroll fees	-	60
	58,185	51,386

10. Investments

Investment income

	2019	2018
	£	£
Interest on cash deposits	-	246
Other investment income	12,704	6,087
Loan interest	-	(119,059)
	12,704	(112,726)

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

Movements in investments

	Value as at 5 April 2018	Purchases at cost	Sales Proceeds	Change in market value	Value as at 5 October 2019
	£	£	£	£	£
Managed funds	766,524	-	(69,653)	10,784	707,655
Fixed term loans	242,500	-	(100,000)	-	142,500
	1,009,024	-	(169,653)	10,784	850,155
Cash deposits	586,330				519,388
	1,595,354				1,369,543

Notes to the Financial Statements (continued)

10. Investments (continued)

The Reyker Managed funds as listed on page 14 have been included at their values as at 8th October 2019. Due to the ongoing administration of Reyker Securities Plc valuations as at 5th October 2019 are not available.

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.

Defined contribution assets

At 5 October 2019	Allocated to members	Not allocated to members	Total
Managed funds (including cash balances)	£396,846	£402,531	£799,377
Fixed term loans	-	£142,500	£142,500
Fund bank accounts	-	£427,666	£427,666
	£396,846	£972,697	£1,369,543

At 5 April 2018	Allocated to members	Not allocated to members	Total
Managed funds (including cash balances)	£629,741	£402,531	£1,032,272
Fixed term loans	-	£242,500	£242,500
Fund bank accounts	-	£220,582	£220,582
Cash deposits – Investors Europe	-	£100,000	£100,000
	£629,741	£965,613	£1,595,354

Investments purchased by the Fund are allocated to provide benefits to the individuals who have paid contributions into the Fund.

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

	2019	2018
	£	£
Managed funds (including cash balances) – Reyker (£'s)	784,291	967,112
Percentage of net assets (%)	58.8	61.0
Investors Europe (Mauritius) Limited holding account	-	100,000
Percentage of net assets (%)	-	6.3
3 rd Party Loan – Foreign & New Investments (£'s)	132,500	132,500
Percentage of net assets (%)	9.9	8.4
3 rd Party Loan – Foreign & New Investments (£'s)	10,000	110,000
Percentage of net assets (%)	0.7	6.9

Notes to the Financial Statements (continued)

10. Investments (continued)

The £110,000 3rd Party Loan with Foreign & New Investments was paid and settled between June 2019 and November 2019.

Cash deposits of £100,000 held with Investors Europe (Mauritius) Limited were withdrawn in September 2019 and remitted to the Fund bank account.

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 October 2019	Level 1	Level 2	Level 3	Total
	£	£	£	£
Fixed term loans	-	-	142,500	142,500
Managed funds	-	-	707,655	707,655
Cash deposits	519,388	-	-	519,388
	519,388	-	850,155	1,369,543

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
	586,330	-	1,009,024	1,595,354

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' original objective was 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 outlined the investment objectives and strategy for the Defined Contribution assets of the Fund. More recently, however, the strategy has been to encash the non-earmarked investments as a prelude to winding up the Scheme.

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 liabilities

	2019	2018
	£	£
Accrued expenses	<u>36,158</u>	<u>9,100</u>

14. Related party transactions

Included in administrative expenses, as detailed in note 9, is £6,671 in relation to services provided by Workplace Pension Trustees Limited (2018: £17,960) as well as £7,175 in relation to services provided by Able Governance Ltd (2018: £Nil).

In the opinion of the Trustees there were no other related party transactions during the period 6 April 2018 to 5 October 2019 (2018: £Nil).

15. Contingent liabilities and contractual commitments

In the opinion of the Trustees, the Fund had no contingent liabilities at 5 October 2019 (2018: £Nil).

16. Employer-Related Investments

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

17. Subsequent events

At 5 October 2019, the assets held by Reyker Securities Plc (as custodian) totalled £784,292 of the total investment balance of £1,369,543, and were split between Custody Assets (held within managed funds) of £261,569, assets with Blackmore Multi Strategy Asset Backed ETI of £431,000 and cash balances of £91,723.

Reyker Securities Plc was placed in Special Administration on 8 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 a full assessment of the situation, so the Fund's assets with Reyker Securities Plc have been frozen.

In September 2020 an initial distribution of £73,753 was granted, representing 80% of the total cash balances held with Reyker Securities Plc.

The Court has approved the plan put forward by the Joint Special Administrators for the distribution of the Custody Assets (held within managed funds) to a small group of brokers. These accounts have been transferred to James Brearley & Sons.

Notes to the Financial Statements (continued)

17. 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.

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 described were not in existence at 5 October 2019. The FSCS has confirmed that it will pay the costs of the Joint Special Administrators so there will be no deduction for costs in relation to this work.

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 shown improvement but continue to 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.

18. Taxation

The Fund 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 tax.

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 period 6 April 2018 to 5 October 2019 which is set out on page 21.

In our opinion contributions for the Fund period 6 April 2018 to 5 October 2019 as reported in the Summary of Contributions and payable under the Fund Rules have in all material respects been paid at least in accordance with the Fund 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 Fund 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 Fund 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, Fund Rules and for monitoring whether contributions are made to the Fund by the Fund members in accordance with the Fund Rules.

It is our responsibility to provide a Statement about Contributions paid under the Fund 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

25 March 2021


Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Summary of Contributions Payable in the period 6 April 2018 to 5 October 2019

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

	£
Employee normal contributions	1,210
Total contributions payable in line with the Fund Rules and reconciled to the financial statements	1,210

Signed on behalf of the Trustees by:

Trustee: 

Date: 27 MAR 2021

Chair's Statement

for the year ended 5 April 2019

PHOENIX PENSION FUND (THE "SCHEME") ANNUAL GOVERNANCE STATEMENT FOR THE SCHEME YEAR ENDING 5 APRIL 2019

1. BACKGROUND

- 1.1 This statement has been prepared in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "**Regulations**").
- 1.2 The Scheme has had a challenging year, with issues relating to the assets and administration. In order to strengthen the Trustee Board, an experienced professional pensions trustee has been appointed: Able Governance Ltd, represented by its director, Nick Boyes. Additional expertise has been provided by the appointment of a specialist pensions law firm, Pension Partners LLP. There has also been a change of administrator, with Quantum Actuarial LLP appointed to perform some vital administration and reconciliation tasks.

2. STATEMENT OF INVESTMENT PRINCIPLES

- 2.1 The Trustees have prepared a Statement of Investment Principles in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 ("**SIP**") governing decisions about investments for the purposes of the default arrangement. The SIP has been kept under review and was last amended 21st March 2016. A copy of the latest SIP is attached at **Appendix 1** of this statement.

3. REVIEW OF DEFAULT STRATEGY AND DEFAULT ARRANGEMENT

- 3.1 The Trustees should review the default strategy and performance of the default arrangement regularly and at least every three years. The difficulties that are described in 3.2 below, however, will explain why this has not been possible
- 3.2 The Scheme assets were invested in a variety of funds and held under the care of custodian Reyker Securities PLC. Regrettably, some of these investments have failed. The Privilege One Loan Notes and the Blackmore Multi-Strategy Asset Backed ETI investments have been placed into liquidation. The Trustees have notified the relevant parties about the Scheme's claims in these liquidations, but the prospect of any return is not good.
- 3.3 The problem is compounded by the fact that Reyker Securities PLC, who acted as custodian of the assets, has also encountered operational difficulties, culminating in the appointment of Joint Special Administrators (JSA) on 8th October 2019. While this does not directly affect the performance or security of the assets that they are holding for the Scheme, the JSA has suspended any further payments or withdrawals from the assets until further notice, and their costs will be deducted from the funds.
- 3.4 The Trustees are exploring all avenues to mitigate the potential losses to members, including submitting claims in the insolvencies, and via the Financial Services Compensation Scheme. The Trustees have notified the members of these developments and will provide further updates as matters progress.
- 3.4 The position is not one of unremitting gloom, however, and some of the other investments have performed in line with expectations. As the intention is to wind up the Scheme, the Trustees reviewed the investment strategy of the Scheme at a meeting held on 21st June 2019. It was agreed that the assets be liquidated as soon as they become available and held in the Trustees' AIB bank account.

4. CORE FINANCIAL TRANSACTIONS

- 4.1 The Trustees need to ensure that "core financial transactions" relating to the Scheme are processed promptly and accurately.

Chair's Statement (continued)

for the year ended 5 April 2019

"Core financial transactions" are (broadly):

- investment of contributions made to the Scheme by members and the employer;
- transfers into and out of the Scheme of assets relating to members;
- switches of members' investments between different funds within the Scheme; and
- payments from the Scheme to or in respect of members (eg payment of death benefits).

4.2 During the Scheme year ending 5th April 2019, the following arrangements have been in place to ensure that core financial transactions have been processed promptly and accurately.

- a) The Scheme has had a service level agreement in place with its administrator, Silverene Administration Limited, which included agreed timescales regarding the processing of core financial transactions;
- b) Regrettably, there have been issues with the administration of the Scheme, and the administration was taken in house, as there was concern that these transactions were not being performed in a satisfactory manner.
- c) On 10th July 2019 the Trustees appointed Quantum Actuarial LLP as administrator. Quantum's principal task is to perform a reconciliation of the payments into and out of the Scheme as a prelude to winding up the Scheme. Quantum is also assisting in the drafting of the Report and Accounts to 5th April 2019.

5. CHARGES AND TRANSACTION COSTS

5.1 Each year, the Trustees are expected to gather information on charges and member-borne transaction costs relating to the Scheme. 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.

5.2 The members pay all costs in relation to the general running of the Scheme via a deduction from their fund, as set out in the joining literature.

5.3 There is a charge of 3% of the transfer levied against any new transfers into the Scheme. An annual management charge of 1.5% of the fund is also payable.

5.4 It has proved to be impossible to determine the actual transaction costs in relation to the assets held by the Scheme due to the difficulties described in 3.2 above.

6. "GOOD VALUE" ASSESSMENT OF CHARGES AND TRANSACTION COSTS

6.1 Each year, the Trustees are required to assess the extent to which the charges and transaction costs incurred by the Scheme represent "good value" for members.

6.2 In view of the anticipated losses in respect of some of the investments, and the difficulties in accessing the assets under the custodianship of Reyker Securities, it is difficult to come to any other conclusion than that the Scheme has provided poor value for members.

6.3 It is against this background that the Trustees have concluded that the Scheme should be put into wind up as soon as it becomes prudent to do so.

Chair's Statement (continued)

for the year ended 5 April 2019

7. ILLUSTRATIVE EXAMPLES OF CUMULATIVE COSTS AND CHARGES

- 7.1 Although a somewhat academic exercise under the current circumstances, the Trustees are obliged to provide an illustrative example of the cumulative effect of charges on the value of a fund held by the Scheme. The table in **Appendix 2** provides this analysis.
- 7.2 When preparing this table, the Trustees have taken into account specific guidance from the Department for Work & Pensions, and have followed the approach set out in that guidance.

8. TRUSTEE KNOWLEDGE AND UNDERSTANDING

- 8.1 In order to be able properly to exercise their functions, the Trustees need to have a working knowledge of the following documents relating to the Scheme:
- the Scheme's trust deed and rules;
 - the SIP; and
 - any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme general.

They also need to have an appropriate level of knowledge and understanding of matters such as the law relating to pensions and trust, and the principles relating to investment of pension scheme assets.

To ensure the Trustee have the necessary level of knowledge and understanding, the following steps have been undertaken during the past Scheme year.

- a) The Trustees have attended relevant briefing seminars and read relevant professional journals.
- b) The Trustees have reviewed the investments of the Scheme and its operations alongside the new professional advisers.
- c) An independent trustee with extensive knowledge of winding up occupational pension schemes has been appointed to the Trustee Board.

9. CONCLUSION

- 9.1 The situation described in this Statement will make distressing reading to members. A letter has been sent to all members of the Scheme and the Trustees are determined to make any recoveries and take any appropriate action to minimise the losses suffered by members.
- 9.2 The Pensions Regulator is monitoring progress and being kept informed regularly as to the Trustees' actions.
- 9.3 The Trustees will write to the members when there is significant progress or news to report, but are mindful of costs and will only do so when it is prudent so to do.

Signed for and on behalf of the Trustees of The Phoenix Pension Fund
by Nick Boyes of Able Governance Ltd

.....
Chairman

Date 4 Nov 2019

Chair's Statement (continued)

for the year ended 5 April 2019



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

Chair's Statement (continued)

for the year ended 5 April 2019

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Chair's Statement (continued)

for the year ended 5 April 2019

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).

Chair's Statement (continued)

for the year ended 5 April 2019

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

Chair's Statement (continued)

for the year ended 5 April 2019

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.

Chair's Statement (continued)

for the year ended 5 April 2019

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;

Chair's Statement (continued)

for the year ended 5 April 2019

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
Concentration/ Correlation: 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.
Currency: 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.
Liquidity: 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.
Matching: 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.
Operational: 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.
Regulatory: The risk arises from investing in a market environment where the regulatory regime may change.	Monitor regulatory changes.

Chair's Statement (continued)

for the year ended 5 April 2019

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

Chair's Statement (continued)

for the year ended 5 April 2019

APPENDIX 2

Illustrative examples of the cumulative impact of costs and charges

This table shows in today's money the projected pot over time for a member invested in each of the specified funds. Values shown are estimates only and are not guaranteed.

	Default investment strategy	
Growth rate (see notes)	Inflation plus 4%	
Years invested	Before charges	After charges
1	£22,800	£22,500
3	£24,600	£23,600
5	£26,600	£24,800
10	£32,200	£27,900
15	£39,000	£31,500
20	£47,300	£35,600
25	£57,200	£40,100
30	£69,300	£45,300
35	£84,000	£51,100
40	£101,000	£57,600

Notes to assist in interpreting the figures

The examples given above have been prepared on the following assumptions:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £22,000.
3. Inflation is assumed to be 2.5% each year.
4. No further contributions are assumed.

The growth rates shown in the table are for illustrative purposes only and are not guaranteed.