Pearl Consultants Limited Pension Scheme (the "Scheme")

Annual Governance Statement for the Scheme Year ending 5th April 2026

I refer to the appointment of VGS as Independent Trustee by The Pensions Regulator on 18 September 2026

Trustees are required to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits. The Scheme is a Defined Contribution arrangement.

The minimum governance standards cover five principal areas relating to the Scheme's defined contribution benefits, namely:

- the investment strategy relating to the default investment arrangements,
- processing of core financial transactions,
- calculating charges payable from the members' funds and transaction costs including an illustration of the compounding effect of charges borne by members,
- an assessment of the value for money of investments held for members and,
- the level of the trustees' knowledge and understanding.

In addition, I have reported on the suitability of the Scheme's investments. The Trustee's initial review of the information made available to date suggests that there are currently no Scheme investments with any value,

The background is that all of the Scheme's investments made some time ago are unlikely to produce any value for scheme members. If any of these investments were guaranteed by individuals the Trustee will be looking to obtain monies under such guarantees where possible.

This Statement is written against the background that the Trustee intends making an application to the Fraud Compensation Fund ("the FCF") as it believes from the information currently available that the Scheme will meet the FCF's requirements for it to pay compensation to Scheme members. To achieve this, there are a number of conditions to be met. One of these is that the last known sponsoring employer of the Scheme, RECONN99 Limited (now dissolved), needs to be the subject of a relevant insolvency event. The Trustee believes this can be achieved by restoring it to the Register of Companies with a view to then facilitating a relevant insolvency event.

I, on behalf of Vidett Governance Services Limited ('VGS') as the Trustee of the Scheme, am required to report on how the Trustee complies with these minimum governance standards outlined and will do so below. As will be seen, with one proviso, it is the Trustee's opinion that the Scheme does not comply with any of the above minimum governance standards due to the way the Scheme was operated by predecessor trustees up to 18th September 2026 when VGS was appointed to be the Trustee by The Pensions Regulator. The proviso is that the current Trustee has a high level of knowledge and understanding on how the Scheme should be operated.

The reason that the Trustee has not adopted all of the minimum governance standards is that it has sought to minimise the costs of running the Scheme in order to maximise monies available for the Scheme's members. Indeed, the Trustee has yet to locate details of any monies which may be held in a Scheme bank account and hence is unable to pay advisors for any advice that would be required under such circumstances. The Pensions Regulator has been made aware that this is the case and has not objected.

Default Arrangements

A default arrangement is an investment strategy normally chosen by the Trustee in which members' funds are invested if they do not wish to make their own choice of investments. It would usually be conservatively based on investing in assets which may be expected to give real returns up to, say, 10 years from a member's expected retirement date and then moved into less volatile assets such as cash and bonds as a member nears retirement. An analysis of the membership of the Scheme would usually be undertaken to determine the most suitable default arrangement for the Scheme.

Unfortunately, this Scheme has no default arrangement and has no plans for one given the future of the Scheme which is likely to be to obtain compensation from the FCF and then, having added it to any monies held which might be available within the Scheme, to allocate such monies between members after deducting certain expenses (see below).

Any assets held by the Scheme including any existing assets which can be realised for value together with any compensation paid by the FCF into the Scheme, will be held in cash in the Scheme's bank account until members' benefits (if any) are secured with a pension provider and the Scheme is wound up.

Suitability of Investments and Core Financial Transactions

The Trustee is required to explain how it ensures that core financial transactions for the Scheme are processed promptly and accurately.

Individual investments were made for members when they joined the Scheme and transferred-in benefits from previous pension arrangements. In the opinion of the Trustee from the information currently available, none of the investments offered to members appear to have been investments which were suitable for the Scheme as they were highly illiquid (ie not easily realisable for cash) and carried far more risk than they should have done for a pension scheme of this type. In the Trustee's view, few, if any, of the investments have any value and as a result, where possible, monies will be reclaimed from any guarantors associated with the investments.

The Trustee is unable to monitor the performance of any of the remaining investments that might exist mainly because the amount of available information is limited or non-existent. All information which the Trustee does have indicates that there are curently no investments with any value.

The Trustee has some details about the investments previously made for each member and this may be used as the basis for allocating monies between individual members assuming compensation will be received from the FCF. If no compensation is received from the FCF it is unlikely that there will be any monies available to provide any benefits for any members.

Following the Trustee's appointment, the Scheme is no longer able to accept contributions or transfers into/out of the Scheme and due to the issues outlined in this statement regarding the investments, has been unable to pay any member benefits including transfer values.

No benefit statements have been issued to members since VGS was appointed as Trustee due to the lack of information on the value of investments. A letter was issued to each member in November 2026 informing them of the change of Trustee.

Assessment of member-borne charges and transaction costs

In accordance with regulations 25(1)(a) of the Administration Regulations, the Trustee is required to report on the charges and transaction costs and their assessment of the extent to which these charges and costs represent good value for money. This is normally important because the transaction costs and charges borne by the members directly impact on their pension savings. For this reason, the Trustee would normally keep the level of these under regular review.

There have been no transaction charges since VGS was appointed as the Trustee, as no investments have been bought or sold and no administration charges paid, although this may change in the future.

If the application to the FCF is successful then the majority of the Trustee's costs in running the Scheme should be met by the FCF where they have arisen due to the way the Scheme was operated before VGS was appointed as the Trustee. There have been and will be some further Trustee's costs arising from "Business as Usual" aspects of operating the Scheme and the Trustee has been minimising these as far as is possible. There will therefore be some costs to be levied against any members' funds that might become available but these are not expected to be significant.

If, however, the application to the FCF is unsuccessful, then there are unlikely to be any monies available to provide benefits for members as all the costs of the Trustee and other costs associated with running the Scheme in investigating its history, communicating with members, realising any investments etc will need to be met from the Scheme. This will mean that there will have been considerable expenses to be levied against members' funds when they are realised and these are likely to be greater the Scheme's total assets.

Due to the nature of the Scheme's investments and the unknown level of the future costs in running the Scheme, the Trustee is unable to provide an example illustration which shows the impact on pension savings of expenses in accordance with regulations 23(1)(ca) of the Administration Regulations, as inserted by the 2018 regulations.

Value for money assessment

It would appear that none of the investments held by the Scheme would constitute good value for money in terms of their high-risk nature and illiquidity given requirements and circumstances of Scheme members. The Trustee is unable to change this position as it currently has no investments to realise

Any cash held in a Trustee's bank account is a safe investment but would not normally constitute good value for money as it is not invested in a way which would be expected to produce real returns in the future. Any monies realised from investments that might be discovered will be paid into a Trustee bank account. However, the Trustee believes that monies held in a a Trustee's bank account will be constituted a suitable investment in light of the Scheme's circumstances.

Trustee Knowledge and Understanding

The Trustee has in-depth knowledge of the trust deed and rules. Have we – did we see them all?

I can confirm that I specialise in registered pension schemes, have completed The Pensions Regulator's Toolkit and keep myself updated on developments in the pensions world. The Trustee carries out a similar role for other occupational schemes and also undergoes training from VGS's internal resources. As such, the requirement under section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee.

Exemptions to DC Code of practice no.13

All contributions to the Scheme have ceased.

The Scheme has fewer than 100 members and therefore is not required to have a Statement of Investment Principles.

Signed for and on behalf of VGS as the Trustee of the Pearl Consultants Limited Pension Scheme

Kevin Dolan

Client Director, Vidett Governance Services Limited

25 November 2026