



Brad Davis &lt;bradd@pensionpractitioner.com&gt;

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**Re: 1850 Pension Scheme URGeNT**

10 messages

**Tom Fleming** <tom.fleming@1850group.co.uk>

14 October 2015 at 07:27

To: Ann-Marie Atkins <ann-marie.atkins@tilneybestinvest.co.uk>, "bradd@pensionpractitioner.com" <bradd@pensionpractitioner.com>  
Cc: David Smith <davidsmith@positivecash.co.uk>, "gary@bell-advisory.co.uk" <gary@bell-advisory.co.uk>, Louise Higham <louise.higham@tilneybestinvest.co.uk>

Good morning all

I don't think you are looking at this correctly, but this may be due to the fact you need more information. We need this to work and therefore your assistance in how we can make it work would be very much appreciated.

We understand the issue re: First Charge, we just need clearance from the Bank, which we are waiting for. David, Gary and myself already have debt in the business but are willing to allow our SSAS to have first charge.

In our SSAS we own a property in Altrincham with a minimum valuation of c£500k with a rent income of c£65k per annum. Therefore, technically we have two main assets the SSAS can take security on 1) The property in the SSAS or 2) the shares in Prochem Services Limited.

Can you please explain what a "sponsoring / associated employer" is?

In terms of Prochem Services (Holdings) Limited it is a trading business as it is an investment vehicle. It has its own bank account, receives dividends and has certain costs going through its accounts. It makes more sense to make the loan to Prochem Services (Holdings) Limited as it can have the option to take security on the shares of Prochem Services Limited. However, if you think it would be better to loan it to Prochem Services Limited (the manufacturing business) and can still take security on the shares or the property in Altrincham so be it.

I am slightly disappointed you have raised the issue on 50% of the value of the fund. We pay both parties fees to look after the SSAS, plus send you accounts and therefore you must know the fund is worth a lot more than £310k. Please review your notes on the SSAS and you will see this is not an issue.

As I say I will look into the issue with the bank. But what if there are class A and B shares in Prochem Services Limited with exactly the same rights and the SSAS has security on class A shares and the Bank have security on class B shares?

We are looking to move this forward quickly and therefore be grateful if you could progress this as quickly as possible. We have been informed by another adviser this is possible.

Best Wishes

**Tom Fleming ACA BA (Hons)**  
**Managing Director**



**Tel:** +44 (0)161 669 8511

**Mobile:** +44 (0)7770 730374

Suite 7, 16 Kingsway, Altrincham, WA14  
1PJ

**LinkedIn**

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**From:** Ann-Marie Atkins <ann-marie.atkins@tilneybestinvest.co.uk>

**Date:** Thursday, 8 October 2015 07:55

**To:** Thomas Fleming <tom.fleming@1850group.co.uk>

**Cc:** David Smith <davidsmith@positivecash.co.uk>, Gary Bell <gary@bell-advisory.co.uk>, Louise Higham <louise.higham@tilneybestinvest.co.uk>

**Subject:** Fwd: 1850 Pension Scheme URGeNT

Tom

See below.

If you can liaise with Louise cc above on this as I am out this week.

Thanks

Ann-Marie Atkins CFP FPFS Chartered  
Director, Financial Planning  
07748 322218

Begin forwarded message:

**Resent-From:** <ann-marie.atkins@tilneybestinvest.co.uk>  
**From:** Brad Davis <bradd@pensionpractitioner.com>  
**Date:** 7 October 2015 23:51:37 BST  
**To:** <louise.ingham@tilneybestinvest.co.uk>  
**Cc:** Ann-Marie Atkins <ann-marie.atkins@tilneybestinvest.co.uk>, <sally.beresford@tilneybestinvest.co.uk>  
**Subject:** 1850 Pension Scheme

Hi Louise,

The pension scheme loan can only be secured by a First Charge.

If a fixed asset is used this does not have to be owned by the company, but the owners will need to be party to the Loan Agreement.

Please see below the comments from our Technical Department.

First up, it isn't quite clear as to who the sponsoring/associated employer is going to be - for a loan to go to Prochem Services (Holdings), then Prochem Services (Holdings) must be an associated employer. Loans to connected companies (ie companies owned by scheme members and/or connected people to these members) etc who are not associated with the scheme are not allowed. However, for a loan to a sponsoring employer to be valid, the money should be used by the borrower for genuine trading reasons, and so the company should be a trading company - I'm not convinced that a holding company would past muster in this case.

Secondly, the total amount of lending to a sponsoring employer by the scheme is limited to 50% of the value of the fund at the time the loan is made. By the looks of it, they want to transfer in a combined £210,000 from other pensions, plus contribute £100,000 as an employer contribution, to make £310,000 in the scheme. The scheme cannot loan the whole £310,000 if that is all there is in the scheme (if this is the scenario, the maximum the scheme can loan is £155,000).

Thirdly, a loan from the scheme to the sponsoring employer needs to be secured by a first charge. Does the Co-op want an exclusive first charge over the shares owned by the members? If so, then these share can't then be used to secure the loan to the sponsoring employer.

Kind regards  
Brad

Pension Practitioner.com  
Daws House  
33-35 Daws Lane  
London  
NW7 4SD

T: 0800 634 4862  
F: 020 8711 2522

UK Reg Co No: 6028668  
VAT Reg No: 894312018  
HMRC Practitioner Reg: 00005886

**Ann-Marie Atkins** CFP CM FPFS Chartered  
Director, Financial Planning

**Tel:** 0161 832 6413  
**Mob:** 07748 322 218  
**Email:** ann-marie.atkins@tilneybestinvest.co.uk  
**Address:** Northern Assurance Buildings, Albert Square  
9 / 12 Princess Street, Manchester, M2 4DN  
**Website:** www.tilneybestinvest.co.uk  
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**Brad Davis** <bradd@pensionpractitioner.com>  
To: Tony McCartney <tonym@pensionpractitioner.com>

14 October 2015 at 09:41

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Pension Practitioner.com  
Daws House  
33-35 Daws Lane  
London  
NW7 4SD

T: 0800 634 4862  
F: 020 8711 2522

UK Reg Co No: 6028668  
VAT Reg No: 894312018  
HMRC Practitioner Reg: 00005886

---

**Louise Higham** <louise.higham@tilneybestinvest.co.uk>  
To: Brad Davis <bradd@pensionpractitioner.com>  
Cc: Ann-Marie Atkins <ann-marie.atkins@tilneybestinvest.co.uk>

14 October 2015 at 13:42

Hi Brad,

Please see email below which I have sent to Tom Fleming to clarify points in our meeting. Can you please come back to us regarding the question raised by Tom re A and B shares.

Kind regards

Louise

**Louise Higham** *APFS*  
Chartered Financial Planner

**Tel:** 0161 832 6413

**Mob:** 07773576257

**Email:** [louise.higham@tilneybestinvest.co.uk](mailto:louise.higham@tilneybestinvest.co.uk)

**Address:** Northern Assurance Buildings, Albert Square, 9/21 Princess Street, Manchester, M2 4DN

**Website:** [www.tilneybestinvest.co.uk](http://www.tilneybestinvest.co.uk)

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**From:** Louise Higham  
**Sent:** 14 October 2015 12:00  
**To:** 'Tom Fleming'; Ann-Marie Atkins  
**Cc:** David Smith; [gary@bell-advisory.co.uk](mailto:gary@bell-advisory.co.uk)  
**Subject:** RE: 1850 Pension Scheme URGeNT

Hi Tom,

I think it would help if I clarified my understanding of the meeting and what you are trying to achieve.

- Prochem Services (Holdings) Limited has 4 shareholders (David Smith, Gary Bell, Tom Fleming and Infinity Asset Management)
- Prochem Services (Holdings) Limited owns 100% of the shares in Prochem Services Limited (valued at approx. £1.2m)
- You need to raise £550k to pay Infinity Asset Management and they have agreed to sign over their shares.
- You have secured a loan with Co-Op for £300k so need to raise the additional £250k and wanted to do this a loan from the SSAS.
- you will each transfer £70k from your personal pension arrangements to the SSAS and £100,000 from Prochem Services (Holdings) limited.

The current value of the SSAS is as follows:

Property (16 Kingsway):	£500,000 (min)
Co-Op Bank Account:	£18,000

Total:	£518,000
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Mortgage on prop:	£70,000
Co-Op loans:	£90,000

Total Net Assets:	£358,000
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Further contributions

Transfers:	£210,000 (£70,000 each)
Company contribution:	£100,000

Total net assets after: £668,000

As you are already aware you are limited to 50% of the net assets of the SSAS (£334k) so the loan of £310k would OK (providing we have a recent valuation of the property to show £500k valuation). the technical team at [pp.com](http://pp.com) haven't looked at the current valuation of the SSAS when they stated it can not be done as there are not enough assets in the SSAS.

The rules for loans from a SSAS are that they must be to a sponsoring employer or unconnected parties. No loans are to be made to connected parties that are not sponsoring companies of the SSAS. In order for the loan to be made to Prochem Services (Holdings) limited we would need to make the company an Associated Employer. This is not an issue as we would just need the company details for [pp.com](http://pp.com) to provide all the necessary paperwork to do this.

With regards to the security of the loan it can be secured as first charge in the following ways:

- fixed assets (owned by the company not the SSAS) – would have to be unencumbered
- against shares – would need an independent valuation of the shares
- Floating charge – secured against full assets of the company (would need last set of audited accounts and the net assets would need to be valued at £310k (at least)

We would need to look at the last 2 options as you confirmed that Prochem Services (Holdings) Limited don't have any assets other than the shares in Prochem Services limited.

If you could come back to me once you have heard from the Co-op as to what they are securing their loan against I can further clarify whether the loan would be possible. In the meantime I will email [pp.com](http://pp.com) to ask them the question about A and B Shares and let you know.

If you have any further questions or any of the detail above is incorrect please let me know.

Kind regards

Louise

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**From:** Tom Fleming [<mailto:tom.fleming@1850group.co.uk>]  
**Sent:** 14 October 2015 06:28  
**To:** Ann-Marie Atkins; [bradd@pensionpractitioner.com](mailto:bradd@pensionpractitioner.com)  
**Cc:** David Smith; [gary@bell-advisory.co.uk](mailto:gary@bell-advisory.co.uk); Louise Higham  
**Subject:** Re: 1850 Pension Scheme URGeNT  
**Importance:** High

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**Brad Davis** <[bradd@pensionpractitioner.com](mailto:bradd@pensionpractitioner.com)>  
To: Tony McCartney <[tonym@pensionpractitioner.com](mailto:tonym@pensionpractitioner.com)>

14 October 2015 at 13:46

FYI  
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Pension Practitioner.com  
Daws House  
33-35 Daws Lane  
London  
NW7 4SD

T: 0800 634 4862  
F: 020 8711 2522

UK Reg Co No: 6028668  
VAT Reg No: 894312018  
HMRC Practitioner Reg: 00005886

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**Tony McCartney** <tonym@pensionpractitioner.com>  
To: Brad Davis <bradd@pensionpractitioner.com>

14 October 2015 at 14:21

Hi Brad

Ok, Louise's last email answered a bunch of questions, so, paring down my email-in-progress to answer the one remaining point...

There will be no issues securing against a specific class of shares, so long as it is a first charge, and the value of the secured shares cover the loan and interest amount.

Cheers,

Tony

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Pension Practitioner .Com  
Daws House  
33-35 Daws Lane  
London  
NW7 4SD

T: 0800 634 4862  
F: 020 8711 2522

UK Reg Co No: 6028668  
VAT Reg No: 894312018  
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**Tony McCartney** <tonym@pensionpractitioner.com>  
To: louise.higham@tilneybestinvest.co.uk  
Cc: Brad Davis <bradd@pensionpractitioner.com>

16 October 2015 at 16:01

Hi Louise,

In response to the query on security over specific classes of shares, there will be no issues securing against a specific class of share, so long as it is a first charge, and the value of the secured shares has been independently verified and covers the loan and interest amount.

Regards,

Tony

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Pension Practitioner .Com  
Daws House  
33-35 Daws Lane  
London  
NW7 4SD

T: 0800 634 4862  
F: 020 8711 2522

UK Reg Co No: 6028668  
VAT Reg No: 894312018  
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**Louise Higham** <louise.higham@tilneybestinvest.co.uk>  
To: Georgina Stuliglowa <georginas@pensionpractitioner.com>  
Cc: Brad Davis <bradd@pensionpractitioner.com>

11 March 2016 at 13:45

Hi Georgina,

Further to Tony's email below I have spoken to the client and he is concerned that the will pay fees to have the shares valued and pay all the charges involved in getting this set up and the Loan will not be approved based on the company shares being split into A and B shares with the Co-op taking first charge on one share class and the SSAS taking first charge on the other. Is there any way we can get this agreed before we proceed any further.

Also could you please confirm what we need to do for the company to pay a contribution to the SSAS for each member. The company would like to make a single contribution of £95,000 split equally between the 3 members.

Could you please come back to me ASAP so we can start this process and get the loan completed. The client is OK with the fee of £250 + VAT to produce the Deed of adherence but would just like to ensure the loan to Prochem Services (Holdings) limited will be approved.

Kind regards

Louise

**Louise Higham** *APFS*  
Chartered Financial Planner

**Tel:** 0161 832 6413

**Mob:** 07773576257

**Email:** [louise.higham@tilneybestinvest.co.uk](mailto:louise.higham@tilneybestinvest.co.uk)

**Address:** Northern Assurance Buildings, Albert Square, 9/21 Princess Street, Manchester, M2 4DN

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**From:** Tony McCartney [mailto:[tonym@pensionpractitioner.com](mailto:tonym@pensionpractitioner.com)]  
**Sent:** 16 October 2015 15:01  
**To:** Louise Higham  
**Cc:** Brad Davis

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{OurRef}id095020020215155841de1288306979cl0000000000{/OurRef}

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**Brad Davis** <[bradd@pensionpractitioner.com](mailto:bradd@pensionpractitioner.com)>  
To: Louise Higham <[louise.higham@tilneybestinvest.co.uk](mailto:louise.higham@tilneybestinvest.co.uk)>  
Cc: Georgina Stuliglowa <[georginas@pensionpractitioner.com](mailto:georginas@pensionpractitioner.com)>

11 March 2016 at 14:15

Hi Louise,

I am dealing with the client directly on this in relation to our outstanding fees and in relation to the loan.

I spoke to Tom yesterday.

I have advised Tom that I will confirm to him by Monday if there are any potential issues with HMRC in relation to utilising the B Shares as a first charge security for the purposes of the pension scheme loan before any Deeds are drafted.

Kind regards

Brad

[Quoted text hidden]

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**Louise Higham** <[louise.higham@tilneybestinvest.co.uk](mailto:louise.higham@tilneybestinvest.co.uk)>  
To: Brad Davis <[bradd@pensionpractitioner.com](mailto:bradd@pensionpractitioner.com)>

14 March 2016 at 14:52

Thanks Brad,

Could you please let me know if this is the case as it saves up duplicating work unnecessarily.

Could you also confirm what value the Shares would need to be valued at to act as the charge for the loan. Is it just the loan amount plus interest or are there any other charges which need to be taken into account?

Thanks

Louise

**Louise Higham** *APFS*  
Chartered Financial Planner

**Tel:** 0161 832 6413

**Mob:** 07773576257

**Email:** [louise.higham@tilneybestinvest.co.uk](mailto:louise.higham@tilneybestinvest.co.uk)

**Address:** Northern Assurance Buildings, Albert Square, 9/21 Princess Street, Manchester, M2 4DN

**Website:** [www.tilneybestinvest.co.uk](http://www.tilneybestinvest.co.uk)

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**From:** Brad Davis [mailto:[bradd@pensionpractitioner.com](mailto:bradd@pensionpractitioner.com)]

**Sent:** 11 March 2016 13:16

**To:** Louise Higham

**Cc:** Georgina Stuliglowa

**Subject:** Re: FW: 1850 Pension Scheme URGeNT

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**Brad Davis** <[bradd@pensionpractitioner.com](mailto:bradd@pensionpractitioner.com)>

14 March 2016 at 15:02

To: Louise Higham <[louise.higham@tilneybestinvest.co.uk](mailto:louise.higham@tilneybestinvest.co.uk)>

Hi Louise,

Yes. I have confirmed to Tom that the B Shares are fine for the purposes of the first charge security. Yes. Just the amount of the loan plus interest.

Kind regards

Brad

[Quoted text hidden]