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**PRIVATE & CONFIDENTIAL**

Peter Stedman  
The Loft Shop Ltd  
Eldon Way  
Littlehampton  
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BN17 7HE

15 October 2009

Dear Peter

**SSAS TAKEOVER**

Thank you for your time this week to discuss your pension requirements. As promised, I set out below a summary of the points which we discussed plus the documentation necessary to takeover administration services from Premier Pensions.

**Documentation**

1. Please find enclosed a takeover fact sheet. This sets out in detail how we will takeover the administration of the scheme from Premier.
2. To remove Premier as trustees of the pension scheme and administrator, you are required to have signed a deed of removal. This has been drafted against the rules provided by David in his recent email. Please sign this on behalf of the Company, and also have each member trustee sign this also. The deed will need to be returned to me.

The effect of undertaking this signing is to remove Premier and leave the assets vested in the remaining trustees.

3. Investment Authority – please sign and return to me the enclosed authority, this will allow us to correspond directly with the current investment providers to ensure that Premier are removed from any authority.
4. Terms of Business – This sets out how we operate, what you can expect of us plus the cost of our services. I confirm that the cost for the administration of a three person scheme amounts to £1200 p.a. plus vat which is collected by direct debit quarterly in advance following the takeover of the scheme. Our cost for the takeover of the scheme amounts to £600 plus vat, however we can discount this if the scheme's affairs are up to date.

I will confirm this to you once we have completed our scheme review, based on the information provided I anticipate that the takeover cost will be circa £350 plus vat.

5. Direct Debit Mandate – This needs to be completed and returned to us with the other scheme documents. Only the administration fee is collected by direct debit.
6. Cater Allen – Please complete the enclosed form and have each trustee sign this where indicated. This will remove Premier off the bank account, they will need to co-sign this also. Please return the signed form to me.

### **Trademark Valuation**

One of the requirements is to sell the trademark of The Loft Shop to the pension scheme. It is necessary to obtain a valuation of this asset.

Trademark valuation is a tool used in valuing the intangible value attributable to brand. Essentially, it is the amount that a company would be prepared to pay for its brand if it did not already own it. It is usually derived either from a financial perspective or using a dual approach of marketing knowledge of the company and the sector and financial results both past and forecast.

From a financial perspective (which is often the preferred route) one would typically look at:

- 1) The operating results of the business using the brand before depreciation, financial costs and director emoluments.
- 2) A discount of the value attributable to risks such as - Risks of shortages and/or increased cost of raw materials - if costs increase, it may not be possible to increase prices to offset these increased costs without reducing volume sales and thus operating income.
- 3) General risks of the industry – consumer preferences; changes in distribution, consumer product liability claims.
- 4) Risk of competition – major competitors in your product market both for the UK and overseas.
- 5) Risks of weather, natural disaster etc that could interfere with the supply of materials from China etc...

I recommend that your accountant quotes for the cost of valuation of the trademark, I will also obtain an indicative quote from A&N Accountants, who are registered Auditors in Haslemere.

### **Loan Agreement**

The pension scheme may make a loan to the business of 50% of the value of the fund. The loan could be settled against a transfer of trademark to the pension scheme.

As the funds are not required immediately, the trustees should consider the loan facility only if there is a delay in the completion of the transfer of trademark. If the transaction can be concluded within 10 weeks, then I understand that the loan facility will not be required. The cost of the loan facility plus legal charge amounts to £750 plus vat.

## **Legal Costs**

The registration of the trademark should be undertaken by a firm familiar with this aspect of commercial law. A licence will be required between the pension scheme and company. I will speak with two legal firms that we have worked with on similar projects to assess the costs and timescale for your requirements. The two firms are Ironmonger Curtis and Fazan & Co

## **Project Management**

Special projects service for clients has arisen where trustees require us to ensure that certain transactions undertaken by the trustees are performed in accordance with HMRC pension requirements.

The transfer of a trademark to the scheme falls under this scope, and whilst we cannot advise on its suitability as an investment for the trustees, we can ensure that in undertaking the transaction it does not create a taxable charge on the SSAS.

Where necessary, we may use services from other experts such as solicitors and accountants with whom we have an agreement with. We will always agree their appointment with you before-hand. We agree a budget with you before carrying out any work and provide regular progress reports. Having considered your requirements for the transfer of the trademark – The Loft Shop, I anticipate that the cost for this project will be between £800 to £1100 plus vat.

## **Money Laundering Regulations**

We are registered with HMRC as a Company Services Provider. As such we are required to know and identify those trustees with whom we undertake services for. We will therefore require your financial advisor to verify the identities of the trustees.

In order to proceed with this process, we will require the completion of the attached documentation. I will also require an on account payment of £500 to cover the takeover of the scheme plus initial work on the transfer of trademark. We will invoice the Company once the takeover and trademark transfer has been undertaken to your satisfaction.

If you have any queries regarding this please feel free to get in touch.

Yours sincerely,

**Gavin McCloskey**

**For Pension Practitioner .Com**

c.c. David Baldwin

Encl.

CHECKLIST TO BE RETURNED TO PENSION PRACTITIONER .COM

|                                 |  |
|---------------------------------|--|
| Trust Deed of Removal           | ENCLOSED/TO FOLLOW (DELETE AS APPROPRIATE) |
| Investment Authority            | ENCLOSED/TO FOLLOW (DELETE AS APPROPRIATE) |
| Letter of Removal               | ENCLOSED/TO FOLLOW (DELETE AS APPROPRIATE) |
| Terms of Business               | ENCLOSED/TO FOLLOW (DELETE AS APPROPRIATE) |
| Cater Allen – mandate amendment | ENCLOSED/TO FOLLOW (DELETE AS APPROPRIATE) |
| Direct Debit Mandate            | ENCLOSED/TO FOLLOW (DELETE AS APPROPRIATE) |