Dear Gavin

As I think you know, we are planning to use invoice discounting as part of the total refinancing of the new group once completion has taken place.

You are also probably aware that Invoice Discounters require security over the debtors (only) of the company to rank ahead of any first charge by a bank or other lender such as the SASS. This is perfectly normal whenever a bank has a first charge and standard wording is available to cover this. However I am concerned that paragraphs 3.3.1 and 2 may be in conflict with this concept in HMRC terms even if the Trustees agree to it as stated under 3.3.

Would you please confirm whether you  see any difficulty in this issue.

Yours

*Peter Stedman*

*The Loft Shop Ltd*

*Tel**+44 1903 738510*

*Mob**+44 7710 082663*

*Fax**+44 1903 733888*

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

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The Loft Shop Ltd is registered in England and Wales, company number 797762 at the above address.

**Zoho Invoice** - Online Invoicing and Billing Software



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| **Gavin McCloskey gavinm@pensionpractitioner.com** |

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| to Peter, Kelvinhttps://mail.google.com/mail/u/0/images/cleardot.gif |

 |

Kelvin,
please find enclosed the legal charge deed and the correct version of the amended loan facility document.
The legal charge places a floating charge over the assets of the company, save for book debts. I am attaching both documents in word format for review and proposed amendment where necessary.

With regard to Peter's concern over the wording conflict, HMRC are concerned with ensuring that the pension scheme's security is sufficient for the loan amount by way of first charge and the loss can be recovered in the event of default. The loan facility document is intended to cover those requirements.

I have removed 3.3.1 as it contradicts the second amended provision, this does not create a breach of HMRC limits as the pension scheme retains priority ranking over all other assets of the Company.

Regards



Gavin

2009/12/22 Peter Stedman <peter.stedman@loftshop.co.uk>

Dear Gavin

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Would you please confirm whether you  see any difficulty in this issue.

Yours

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| to Peter, Kelvinhttps://mail.google.com/mail/u/0/images/cleardot.gif |

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Please refer to the attached version of the legal charge document and facility letter.
Peter's home address has been corrected on the charge deed.
thanks



2009/12/21 Kelvin Balmont <Kelvin.Balmont@clarkewillmott.com>

Gavin

Many of our amendments have not been incorporated in the revised document. I therefore attach copies of the pages where further amendments and additions are required.

If it would help, please feel free to email the word version of the document and I will arrange for the changes to be made.

Best regards

Kelvin Balmont
Senior Associate
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**From:** Gavin McCloskey [mailto:gavinm@pensionpractitioner.com]
**Sent:** 21 December 2009 18:32
**To:** Kelvin Balmont
**Cc:** Peter Stedman
**Subject:** LOAN FACILITY DOCUMENT

Kelvin,
By way of a follow up to this paperwork, you will note that in making the loan the documents are written with the perspective that it is arms-length transaction in that conditions applying and the financial and serviceability of the loan fits the SSAS and not the Company.
Regards
Gavin