

Peter Stedman  
Kaysted Directors Pension Scheme  
Metro House  
Northgate  
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West Sussex  
PO19 1BE

7 March 2014

Dear Peter,

**Kaysted Directors Pension Scheme**

I refer to our recent telephone discussion earlier this week in connection with your audit enquiry with HMRC.

The loan agreement was prepared in conjunction with Clarke Wilmot and in providing the facility and legal charge it's purpose was to ensure that the loan made was on commercial terms, allowed the pension scheme to recover it's loss in the event of default by the Company.

The drafting of the agreement took into consideration the value of the business and this valuation was reflected within the context of the independent valuations being undertaken by Anu Sharma for the trademark. Anu looked at the overall valuation of the business and then extracted the value of the trademark from that. There was never any question that her value of the business was not considered in the legal documents as the trail of discussions on file and emails considered these issues. At the time the loan was being discussed, scheme accounts and data were available to ensure that the relevant protections were in place for the pension scheme.

The requirement under Finance Act 2004 that the loan is secured by a charge which is of adequate value was considered.

Yours sincerely

Gavin McCloskey  
**For Pension Practitioner .Com**

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