

## **Trustees Singleton Engineering Pension Scheme**

Trustees meeting held on Thursday, 25 September 2014  
at 11.32am  
at the offices of Singleton Engineering (UK) Ltd

Present: Duncan Singleton, Martin Singleton, Peter Singleton, David Singleton, Lindi Singleton and Roger Bloomer (who took the minutes)

Agreement of figures for individual members funds: The figures for the members individual members funds sent by Gavin McCloskey on 19 August 2014 which were broken down into further detail on 10 September 2014 were agreed by all trustees.

PWS pointed out the fourth paragraph of the additional information provided by Gavin which highlighted the fact that the scheme is not designed as individual policies.

Split of the Singleton Engineering Pension Scheme:

DJS pointed out that in the view of the letter from PWS stating that he was unable to work with MHS, or be treated fairly by DJS and DCS, the only alternative he could see was for the fund value attributable to PWS to be paid out. MHS agreed that this seemed a good way to proceed. PWS stated that he was not in favour of this suggestion but had no alternate proposal. He went on to say that the scheme was set up around 20 years ago with the intention to provide retirement and death benefits for the directors and their spouses and dependents. The scheme was to provide income and in his situation income was paramount with capital growth being less important. He could not add to the scheme fund and it was not in his interest to take risk or narrowing his options and, therefore, felt there was a need to reconsider the rush to carry out the action of splitting the scheme. He was not in favour of this suggestion and went on to point out that the return on investment for the area occupied by Singleton Engineering (UK) Ltd was around 11% and the return on the Eden area was around 8.75%. Splitting the scheme would result in a lower income as a percentage return for him and, therefore, he would be foolish to take this course of action.

MHS pointed out that since retirement the split had been agreed in order that DJS and DCS could run their own affairs and, therefore, he was in favour of the split. RCB confirmed that there was no specific allocation of assets and liabilities to individual members.

PWS queried whether the scheme could be allocated in some manner. DJS referred to a letter sent by the solicitor of PWS on 9 June 2014 stating that PWS will agree and sign all documents to enable the split. MHS referred to a communication from PWS on 15 April 2014 pointing out that there was no hope of PWS being able to work with MHS or with DJS and DCS as he would not be treated fairly and, therefore, questioned how PWS could now consider working with the three others.

DCS pointed out that it was always the intention to split and in view of the fact that there was no possibility of an acceptable working relationship a decision needed to be made as to how to split. The resolution to do so was in 2009 and without another resolution to countermand this and given that figures had been provided by Gavin McCloskey there is now the need to split. MHS stated that the trustees needed to be practical and with no chance of them being able to work together the split needed to be actioned.

DJS asked PWS if given that the resolution to split the scheme was five years ago and his solicitor had stated that he would sign all relevant documents is that still the case? PWS stated that the pension scheme income was his only income and, therefore, he would be foolish to agree to changes that increase his risk. DJS asked if PWS was stating he will not agree to the split. PWS asked if the proposal that the pension scheme pays out MHS and PWS. DJS stated that the proposal was to pay out PWS only as he had stated he could not work with the remaining trustees. PWS said he had not considered being bought out. MHS pointed out he thought that if PWS was paid out it would still pay a reasonable income. DCS pointed out that the fund value was based on income and DJS pointed out that the vast majority of the pension scheme income arose from Singleton Engineering (UK) Ltd.

MHS asked whether it was really possible that the pension scheme could be run by the four of them and PWS pointed out that had been the case for 20 years. MHS said that he did not think this was the case now. DCS said that it was decided in 2009 to split the scheme for good reason and more reasons for splitting the scheme had arisen since that point.

PWS pointed out that he needed continuation of income and DJS pointed out that there had been no objection to the split as communicated by the solicitor or PWS. The resolution was in place to split the scheme. PWS asked that given he had been advised by Graham Williams that the existing scheme would pay a pension of £56,000 would the other trustees be prepared to pay enough into his scheme to give him an annuity of £56,000? DCS said that the trustees would be prepared to pay his entitlement and no more than this as they could not do so. MHS asked if the scheme could be split so that PWS receive the Eden factory. RCB said that the value of the Eden property and the fund value for PWS meant the numbers do not stack up. PWS asked if there would be a way of getting cash into his scheme and RCB confirmed that as there was no earnings as defined for pension purposes this was not currently possible. RCB queried whether the title deeds could be split between the P&M pension scheme for PWS and owned partly by PWS and LMS but this would need to be checked with Graham Williams.

PWS said that he might agree to the proposal if both factories were sold and if all four members took their cash funds. DCS said that the minority could not dictate to the majority. MHS pointed out that if PWS was paid out his pension scheme fund the fund could then buy property if he wished and reiterated that there was a need to split the scheme. DCS

confirmed that the fund value for PWS was £671,000. PWS reiterated that there was less risk in the pension scheme with a broader spread of tenants.

DCS referred again to untenable working relationship. MHS questioned whether the Eden factory could be split so that PWS received part of the property. PWS mentioned that this would increase his risk as there would be fewer tenants. RCB calculated the split of the Eden factory property value on an area basis which on that basis resulted in a proportion of value attributable to areas B and E of around £678,000 but pointed out that this was not a valid basis for the valuation and the valuers should be asked to provide an indication of value on a proper basis. It would also need the title deeds to be split. PWS pointed out that pension scheme was responsible for the roof up to the year 2020, after which the tenant would become responsible and that this proposal might be more acceptable than being paid out but he would need to consider this. At this point he would not support any proposal to being bought out.

DCS pointed out that he was not in favour of splitting the property as he felt this was a further delaying tactic on the part of PWS at which point PWS said to forget it.

MHS asked whether three trustees can determine what happens. PWS said that unanimous agreement was needed but that he was prepared to consider the proposal to split the Eden factory. DCS again reiterated that he was not in favour of further delay but wanted a decision. PWS pointed out that the split would have been amicable if the question of his shares in the company had been decided. MHS asked PWS how long would be needed to consider the option. PWS said that the P&M Pension Scheme was on hold as it was effectively dormant.

MHS suggested a time limit of two weeks. DJS said that he would need time to think about it.

The NatWest loan on the property was discussed and it was felt that this would probably need to be repaid to enable the split to take place if this was the option agreed upon. DJS summarised that there were two options on the table, one to pay off PWS fund in cash or, secondly, to split the Eden property and suggested that the meeting be reconvened in two weeks and this was agreed with the meeting being scheduled for 11.30am on 9 October 2014.

PWS pointed out that a third option was to stay as they were if neither option were found to be acceptable. DJS pointed out that status quo may not be acceptable. DCS said that if there were not acceptable options then other alternatives may need to be considered.

DCS is to arrange a meeting with Lyndon Brett at Crewkerne with PWS in attendance to discuss the split of the property. LMS agreed to speak with Graham Williams in respect of any questions that he might need to deal

with for PWS. DJS asked that any questions affecting the scheme be copied to all trustees.

Future position of LMS: PWS pointed out that there seemed to be a perception that there was a conflict of interest with LMS and, therefore, questioned how LMS is to carry on the secretarial work. DCS said that LMS would not be secretary after the scheme were split. DJS pointed out that the person taking the minutes should have no personal interest. It was agreed that LMS should resign and Martin Holley be asked to take on the role as pension scheme secretary.

PWS pointed out that should Martin Holley be appointed as pensions scheme secretary he would wish the bank mandate to be changed so that all cheques or instructions for payment require four signatories as if there are only three signatories out of four then this could cause a conflict of interest. This was agreed.

PWS offered the trustees thanks for the hard work of LMS over the years and DCS endorsed this. MHS pointed out that matters have become awkward once solicitors letters started to arrive.

PWS pointed out that if Martin Holley is to do the work he must be discrete as he felt this had not been the case in the past on all occasions. DCS agreed to speak to Martin Holley and then Martin Holley is, assuming he is happy to take on the role, to contact LMS to arrange handover details.

Claim by PWS: PWS pointed out that he had incurred a fee of £2,500 from solicitors in order to get the other trustees to agree to him taking his pension drawdown and believed that the pension scheme should pay this cost.

DCS referred to a communication from Graham Williams from 10 February 2014 suggesting that the scheme should be split and then the drawdown for PWS should commence. The scheme was ready to be split as the P&M Pension Scheme had been set up and, therefore, the view was taken that GWs advice should be followed. PWS said that there was no reason to stop the drawdown and that stopping this was improper.

He said that Gavin McCloskey had confirmed that PWS was entitled to take the drawdown. DJS said that the relevant interpretation was not accepted as it was believed that PWS continued in his delaying tactics.

PWS asked that the cost be reimbursed but this was not agreed. He asked that if costs are likely to be incurred would it be the case that they would be unlikely to be reimbursed. DJS pointed out that the trustees had agreed to make the pension payments on the basis that all documents were be processed in good time and this had not happened and PWS was still not acting reasonably. MHS said that if solicitors were

appointed by PWS then he should meet the cost. DCS said that if costs are to be incurred in future they need to be agreed by all trustees.

The meeting closed at 12.58pm.