

Singleton Engineering Pension Scheme

Trustee Minutes

In Attendance

Martin Singleton (MS)

Duncan Singleton (DS)

David Singleton (DAS)

Peter Singleton (PS)

Roger Bloomer (RB)

Mark Miserotti (MM)

Gavin McCloskey (GM)

Graham Williams (GW)

On: 6 July 2011 @ 12 pm

PS invited GM to open proceedings with the Annual Trustee Report which had been previously distributed for comment.

GM highlighted various aspects of the report in particular the following items were noted:

There was now a greater restriction on employer related transactions and the importance of highlighting in advance any employer loans and borrowings should be notified in advance. This will ensure consistency with HMRC rules.

Contribution limits have been changed with effect from 5 April 2011, in particular the ability for the Company to make contributions was now reduced to £50,000 per member; subject of course the availability to carry forward 3 years unused relief.

Pension Scheme Rules. The rules of the pension scheme will be needed to be updated reflecting the change in contribution limits, death benefits, pensions in payment and general tax planning. The rules of the scheme would carry a cost in the order of £300-£400 plus an engrossment cost of £50.00; Pension Practitioner would absorb these costs in the fixed annual administration cost for the pension scheme.

Benefit Statement –the assumptions by which Pension Practitioner used were not reflective of the actual returns or prevailing interest rates. GM advised that the returns were on a prescribed basis which they were bound to use laid down by the Government Actuaries Dept in conjunction with the Pensions Regulator. DS queried the interest rate used for pension income on retirement and GM advised that the members each had different years to retirement, which are subject to a mortality drag. Younger members are deemed to live longer than older scheme members; with the exception to someone who is within 5 years of retirement, they are subject to a different methodology.

MS's pension had decreased following a reduction in fund value and to account for this GM obtained pension rates on ill health terms. GM advised that of the insurers quoted, none were willing to accept that the circumstances of MS were such that a material increase in pension income could be provided. GW concurred that on initial review of the medical questionnaire it was unlikely whether

MS was deemed to be in ill health.

The Trustees prepared a list of questions for GW and to discuss generally amongst the scheme advisors.

MS raised concerns over which part of the property was to be allocated to each member and the implication if all trustees did not agree. GW said if all trustees could not agree then you would be bound by trust law. As a rule of thumb, all trustees would need to agree the allocation of property and other assets unanimously.

MS requested clarification on how a new scheme could operate. GW advised that any new scheme created would operate as a closed scheme whereby the retired members and their funds would be ring fenced from the Company. Any powers and responsibilities that would otherwise arise in the Company would be transferred to the retired member Trustees. Therefore, pension scheme expenses would be met by the Trustees and not the Company.

DAS requested clarification on the appointment of new trustees. GM confirmed that the power of appointment and removal is vested in the Company, however they cannot remove a trustee if it has a negative impact on their rights and benefits in the Scheme.

Share of fund split. GM provided a share of fund split showing how the assets of the scheme are apportioned amongst the members. DS alluded to a lower valuation, which showed a different basis of calculation with a loss to the 3 active members of around £85k. A schedule had been initially sent to RB, who copied this to GW and GM. This lower valuation reflected the property valuations from an earlier point in time. It was evident that the active members would have been in a better position if the properties had been revalued earlier but MS would be worse off. The basis of the fund split remains that provided by GM.

GM mentioned that there is a possibility that the Revenue will reduce the annual allowance to £40k. The question was asked to GW if the Company should contribute to the Scheme if there was scope to do so. GW responded by confirming there would be a corporation tax deduction benefit, however if money would potentially be required in the business then a pension contribution might not be the best option. It will become clearer as to whether this is an option when the Company accounts are finalised.

Two options were explored regarding a scheme split. Option 1 is where the members are all part of a master trust, with the assets separated into two parts; each with its own bank account. The second option was to split the pension scheme in two and the retired members join the new arrangement. Under the second option, the trustees would need to decide how the properties should be split between both groups.

The trustees concluded that option two in respect of the active members was likely to be the preferred route, but they with the “pensioner” members would need to convene and decide how the properties should be allocated. The advisors would then implement the decisions agreed.

There being no further business, the meeting was closed.