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Mr Simon Prince  
Pension Scheme Services  
HM Revenue & Customs  
Fitzroy House  
Castle Meadow Road  
Nottingham. NG2 1BD

**REF: CAR/PSS (Int) 00739130RG**  
**FAX TO: 0115 974 1480**

Date: 2 August 2010

Dear Mr Prince

**TUMBLES HOLIDAY PENSION SCHEME**

We are the registered Practitioner for the Scheme and our function is to undertake certain work on behalf of the Registered Administrator to ensure that the scheme maintains its tax registered status. We also have agreements with solicitor and accountancy firms who provide legal documentation and accounting services to trustees.

We have no involvement in the day to day investment dealings of the trustees however we provide at outset of our appointment a list to trustees of transactions that, if undertaken, would be viewed as being taxable on the pension scheme. This includes direct or indirect holdings of taxable property, loans to employers that are not in accordance with your requirements and loans to connected persons.

We are preparing the pension scheme return for 2009/10 for authorisation by the Administrator and have noted that there are irregularities; in particular the matter of loans.

In preparing these returns, we have also been informed that following an audit check of the scheme, you have raised a number of concerns on certain activities and copies of your correspondence have now been sent to us. I have the following initial comments to make:

Mr Richardson, acting as member Trustee has made a loan to a connected party secured against their shares in the Principal Employer, this appears similar to a number of other loans made to persons known to Mr Richardson but are not connected persons for the purposes of section 839 of the *Income and Corporation Taxes Act 1988* (ICTA). We have requested evidence of all loans to both connected and unconnected parties. Mr Richardson was incorrect in his previous advice, the scheme does not hold shares in the Principal Employer, but holds a charge over the shares held by a connected party, which forms part of an unauthorised loan. We will write to you in more detail shortly.

With regard to the loan to the Principal Employer, we were aware of that loan facility, as the document and legal charge was prepared by a firm of solicitors we work with. It was not pointed out that the charge should be registered at companies house as it was a charge against shares and not the Company. I have been advised at the time of writing this letter that this does not diminish the value or effectiveness of the loan.

With regard to the valuation basis of the shares for the loan to the Principal Employer, the value of the loan must be secured against an asset of equal value and in seeking security we wrote on behalf of the trustees for a valuation of the shares and Company. We also sought clarification on any charges against the Company.

The Company's accountant supported the security value of the shares, together with the financial standing of the Company. I understand that in arriving at that conclusion a prudent valuation method was adopted for the shares, but we will need to obtain the computation method used. We will write to the Company's accountant for further information on this.

We expect to receive the loan agreements to connected and unconnected parties this week, together with the repayment schedules. These will be necessary for the pension scheme return, event report 1 and your compliance audit. As soon as these are received I will write to you in more detail.

Please feel free to call me on 0800 634 4862 if you wish to discuss this in the interim.

Yours sincerely

Gavin McCloskey  
**For Pension Practitioner .Com**