

Barnett Waddingham

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To : Sarah Hammond
Company : Chartwell Financial Management Limited
Fax number : 0161 929 2616
From : Nicola Morris
Date : 1 October 2008
Number/pages : 10
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Dear Sarah

Woods Building Supplies Pension Scheme

Further to our telephone conversation on 30 September, please find enclosed a breakdown of the assets held by the Scheme as at 5 April 2008, together with a copy of the last actuarial valuation report that was carried out for the Scheme.

If you have any questions or further requirements, please do not hesitate to contact me, or my colleague Paul Higgs.

Kind regards

Yours sincerely



NICOLA MORRIS

On behalf of Barnett Waddingham LLP

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Received Time: 1 Oct 2008 14:52 of Actuaries in respect of a range of investment activities.

Woods Building Supplies Pension Scheme

Values as at 5 April 2008

Investment	Investment Manager	Fund	Value
Cash	HSBC	Business 14 day notice account	£ 2,979.11
Cash	HSBC	Deposit Account	£ 129,601.47
Cash	HSBC	Community Account	£ 6,093.75
Cash	Anglo Irish	Premium Access Deposit account	£ 228,202.91
Loan		Loan to Woods Building Supplies Limited	£ 134,242.70
Loan		Loan to Morgan's Properties (Wales) Limited 2007	£ 850,000.00
Property		Land at Parcyllyn, Aberystwyth	£ 425,000.00
TOTAL			£ 1,776,119.94

RISK? IRISH BANK

£5000 cap on int. repayment 2009

£12123K Int only - 2011

* valuation? date 2002.

Situation? -

Real value?

12 prop. - 12 charges.
- DS3 form - Pension Fund Sign.

STEPHEN 40%

£ 710,447

PCLS £177611 BAL. £532835

JANICE 40%

£ 710,447

£177611 BAL. £532835

KUSUM 20%

= £ 355,223.80

PCLS = 88,805.75

BAL 266,417.25

£1m.
less £200k
= £800k
less £200k
= 600net
Dec/feb 09.

£ 366877

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ACTUARIES & CONSULTANTS

Report on the Actuarial Valuation of the WOODS BUILDING SUPPLIES PENSION SCHEME as at 31 July 2002

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Received Time 1.Oct. 14:52

Regulated by the Institute of Actuaries in respect of a range of investment business activities.

**Report on the Actuarial Valuation of the
WOODS BUILDING SUPPLIES PENSION SCHEME
as at
31 July 2002**

1. Introduction

- 1.1 In accordance with instructions received from the Trustees I have carried out an actuarial valuation of the above pension arrangement (the "Scheme") as at 31 July 2002 (the valuation date) and now have pleasure in submitting my report to the trustees.
- 1.2 The Scheme was established on 29 July 1999 and is exempt approved by the Inland Revenue under Chapter I Part XIV of the Income & Corporation Taxes Act 1988. The Scheme is not contracted out of the State Earnings-Related Pension Scheme. The Scheme falls within the description of a "small self-administered pension scheme" as defined by the Inland Revenue. The previous actuarial valuation was completed as at 31 July 1999.
- 1.3 This report has been prepared as far as is practical, in accordance with the current version of the Guidance Note GN9, "*Retirement Benefit Schemes: Actuarial Reports*" issued by the Institute and Faculty of Actuaries. As the scheme does not provide Defined Benefits certain parts of this Guidance Note are not applicable. A reconciliation of the valuation has not been prepared as this is not necessary to meet the purposes of the valuation.

2. The Purpose of the Valuation

- 2.1 The purpose of this actuarial valuation is to determine how the value of the fund at the valuation date compares with the present value of the maximum retirement benefits which may be paid to members without exceeding Inland Revenue benefit limits.
- 2.2 In the light of this result I then calculate the maximum annual contributions which may be paid to the Scheme in future if the Inland Revenue benefit limits should not be exceeded.

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3. The Scheme's Benefits

- 3.1 The Scheme provides "Money Purchase" retirement benefits. Members of the Scheme are entitled to benefits equal in value to the accumulation of contributions made to the Scheme on their behalf.
- 3.2 The Scheme benefits are subject to limits imposed by the Inland Revenue. Appendix 1 to this Report summarises the maximum benefits that the Scheme may provide.

4. Membership

APRIL 2002

- 4.1 At the previous actuarial valuation there were three active members with total remuneration of £45,000.
- 4.2 I am informed that the active membership at the valuation date was as follows:

Active member details						
Member	Sex	Date of Birth	Date of Joining Company	Benefit Regime	Normal Pension Age	Pensionable Remuneration
D S Wood	M	19/06/61	01/08/98	Post 89	60	£31,993
J Wood	F	10/03/56	01/08/98	Post 89	60	£19,993
K Tandon	F	09/05/48	01/08/98	Post 89	60	£10,400

- 4.3 Pensionable remuneration in each case is remuneration for the year ending 31 July 2002.
- 4.4 I have been provided with details of another pension policy held by K Tandon in respect of a previous employment.
- 4.5 I have assumed that benefits of one thirtieth of Final Remuneration for each year of service could be provided to K Tandon from this Scheme. Together with the benefits from her other pension policy this is unlikely to provide benefits in excess of Inland Revenue limits. As such, this policy has been ignored for the purposes of my calculations.
- 4.6 I understand that J Wood has entitlement to benefits from another pension arrangement relating to concurrent employment. For the purpose of my calculations this policy has been ignored.
- 4.7 D S Woods has no entitlement to any other pension benefits from any other pension policy or arrangement.

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5. Assets and Contributions

- 5.1 The draft financial statements of the Scheme show that the Scheme's assets amounted to £1,214,700 at the valuation date (rounded to the nearest £100). These assets may be summarised as follows:-

Summary of Scheme Assets			
	£		
Property	1,375,000 -		2002
Cash at bank	36,900		<u> </u>
Loan	(197,200)		
Total	<u>1,214,700</u>		

- 5.2 For the purposes of this actuarial valuation I have taken the investments of the Scheme at the value shown in the financial statements.

Audited Scheme accounts were not available at the date of signing this report. If the assets as shown in the final audited accounts differ materially from those shown above the results of this actuarial valuation will have to be adjusted accordingly.

- 5.3 As this is a money purchase scheme in which the members participate in investment decisions, this report does not consider the appropriateness or otherwise of the investment strategy followed relative to the benefits which are being provided.

- 5.4 I am informed that contributions of £73,000, £36,000 and £36,000 respectively have been paid in the three financial years ending on the valuation date.

- 5.5 During the intervaluation period £23,379 was transferred into the Scheme in respect of policies held by D S Wood relating to previous employments.

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6. Method of Valuation

- 6.1 The method I have used for this actuarial valuation, together with details of the actuarial assumptions I have used, are described in Appendix 2 to this Report.
- 6.2 I have assumed that benefits of one sixtieth of Final Remuneration for each year of service could be provided to D S Wood from this Scheme. As such, the notional value of the Scheme assets relating to the policies transferred into the Scheme on his behalf have been ignored for the purposes of my calculations.

7. Benefits on Death in Service

- 7.1 For the purposes of this Report I have assumed that should a member die in service any benefits payable (by way of spouse's pension and lump sum benefit) will not exceed the total of the reserve held in the Scheme in respect of the member concerned and any temporary insurances taken out by the trustees in respect of that member.

8. Results of the Valuation

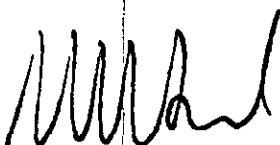
- 8.1 The results of my actuarial valuation (on the assumptions and methods described in the Appendices to this Report) are as follows:

Valuation Results	
Present value of:	£
Maximum retirement pension to members	339,900
Spouse's pension on death after retirement	39,700
Less the market value of Scheme assets (excluding assets held in the Scheme in respect of pension benefits relating to previous employments)	<u>(1,023,700)</u>
Present value of overfunding	<u>£644,100</u>

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9. **Comments and Recommendations**

- 9.1 At the valuation date the market value of the Scheme assets exceeded the present value of the Inland Revenue maximum benefits. As such no further contributions can be recommended at the current time.
- 9.2 No contributions may be made on behalf of a member to any other pension arrangement in respect of the employment covered by this Scheme. Contributions may, however, be made to the Scheme to meet the cost of insurance policies for death in service benefits, to the extent that such insurance is necessary.
- 9.3 The Scheme is a money purchase scheme and therefore I can confirm that the assets will necessarily provide for the members' entitlements on discontinuance of the Scheme at any date.
- 9.4 Finally, the funding position should be reviewed at the next actuarial valuation which should take place no later than 31 July 2005.



MARK A J HOWARD
Fellow of the Institute of Actuaries

29 July 2003

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APPENDIX 1

**SUMMARY OF THE MAXIMUM BENEFITS THAT
THE SCHEME MAY PROVIDE**

Retirement benefits are provided on a "Money Purchase" basis. The actual benefits payable in respect of a member will depend on the available resources of the Scheme together with the proceeds of any insurance policies. The maximum Inland Revenue benefits that can normally be provided by the Scheme for each member, inclusive of any pension benefits the member may receive from other sources, are:

Member's pension

A pension from normal pension age of two-thirds of Final Remuneration, provided that the member will have completed at least twenty years' service with the company. If a member joined the Scheme prior to 17th March 1987 then the maximum pension referred to above may be provided after ten years of service.

Part of this maximum pension may be commuted for a tax free lump sum of up to one and a half times Final Remuneration.

Final Remuneration is normally defined as the average of total remuneration for any three or more consecutive years ending not earlier than ten years before normal pension age. For members joining the Scheme after 1st June 1989, Final Remuneration must be limited to the "permitted maximum" or salary cap which it is intended should be updated annually.

Once in payment, pension benefits may be increased annually in line with increases in the Retail Prices Index.

**Spouse's pension on
death after retirement**

An index-linked spouse's pension of two-thirds the member's own maximum pension entitlement (before any commutation for cash).

**Lump sum on
death in service**

Four times remuneration plus a refund of the member's contributions (if any).

**Spouse's pension on
death in service**

An index-linked spouse's pension of four-ninths the member's remuneration at the time of death.

The Scheme is not contracted out of the State Earnings-Related Pension Scheme.

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APPENDIX 2

VALUATION METHOD AND ASSUMPTIONS

The valuation of the maximum benefits for Scheme members has been made using the "Aggregate" actuarial valuation method. This method places a capital value on the maximum benefits in respect of both past service and expected future service by reference to projected Final Remuneration, and compares this with the funds available at the valuation date. Future contribution levels are then determined which equate in present value to the maximum benefits not yet secured. In these calculations full allowance is made for the value of all pension benefits which the member may receive from other sources.

The most important assumptions employed in the valuation are the rate of interest at which future liabilities and contributions are discounted, and the rate at which pensionable remunerations are assumed to increase between the valuation date and retirement. For this valuation I have assumed a future rate of investment return of 8.5% per annum and an overall rate of increase in pensionable remuneration of 6.9% per annum. Where the maximum benefits are limited with reference to the Retail Prices Index I have assumed that the RPI will increase at the rate of 5.3% per annum. Pensions in payment and the salary cap are also assumed to increase on average at 5.3% per annum.

Where pension benefits are actually in payment on the valuation date, the difference between the rate of investment return and annual pension increase is assumed to be 3% per annum.

Investments are included in the valuation at their market value, which is reasonably consistent with our other assumptions, given that benefits are related to the current value of assets.

The actual marital status of each member has been taken into account.

The mortality of members in retirement is based on statistics published by the Institute and Faculty of Actuaries in the PA(90) tables, rated down two years. No allowance has been made for the withdrawal of members prior to retirement.

It is assumed that none of the Scheme's expenses are paid out of the fund.

In summary, the principal actuarial assumptions are:

Return on investments	:	8.5% p.a.
Remuneration increases	:	6.9% p.a.
RPI increases	:	5.3% p.a.
Salary cap increases	:	5.3% p.a.

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