



ACCOUNTANTS AND REGISTERED AUDITORS

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STRICTLY PRIVATE & CONFIDENTIAL

Mr G McCloskey
Pension Practitioner.com
33-35 Daws Lane
London NW7 4SD

15 July 2011

Our ref: NAS/WHA/M3/EPS

Dear Gavin

Re: M L & S Martin Lynch & Sons Ltd - Pension Scheme

Please find enclosed signed copies of the full accounts to 30 April 2011 for ML & S Martin Lynch & Sons Ltd Executive Pension Scheme. Also annexed is the loan agreement for the next tranche of the loan dated 10 May 2011, no doubt you can do the necessary with this accordingly.

With kind regards,

Yours sincerely,

Nikki Spoor FCCA - Partner
White Hart Associates LLP

Encs.



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ML & S Martin Lynch & Sons Limited Pension Scheme

The Directors

Served at:
East House, 109 South Worple Way, London SW14 8TN

Dated:

Dear Sirs,

We refer to our recent discussions and write to confirm that the ML & S Martin Lynch & Sons Ltd EPS (the "**Scheme**") acting by its trustees (the "**Trustees**") will make available to M J LYNCH & SONS LIMITED (the "**Borrower**") a loan facility of £174,373 for general corporate purposes (each advance made thereunder being a "**Loan**" and the aggregate advances made thereunder being the "**Loan**"), to be secured by a floating charge over the whole of the undertaking and assets of the Chargee (the "**Charge**"). The Loan is subject to the terms and conditions set out in this letter.

1. **ADVANCES**

1.1 *General*

Subject to receipt of the documents listed in paragraph 5.1 and advances shall be made by credit transfer to the account of the Borrower under reference "Loan Advance"

1.2 *General Loan Conditions*

It is a condition of making any Loan that:

- 1.2.1 the Loan shall not at any time exceed 50% of the net asset value of the scheme.
- 1.2.2 the Loan shall not at any time exceed 50% of the net asset value of the assets of the Scheme;
- 1.2.3 no Loan may remain outstanding for more than 5 years, unless the Trustees give written consent to an extension of the repayment term such extension not to exceed 5 years and not to be further extended; and
- 1.2.4 the Loan is secured by charges over assets of the Borrower which in the opinion of the Trustees of the Scheme have a net realisable value sufficient to repay the Loan, accrued interest and any costs of realisation.

2. **TERM**

2.1 *Facility term*

This facility may be cancelled by the Scheme at any time by written notice to the Company. Subject to that, this facility will become available upon the Trustees receiving the documents listed in paragraph 5.1 and will continue until terminated by mutual agreement.

2.2. *Length of Loan*

The period for which a Loan may be outstanding shall be stipulated in the Drawdown Request therefore. No Loan may be for a period exceeding five years from the date the Loan is made or if that day is not a day when banks in the City of London are open for business (a "**Business Day**") on the preceding Business Day (the "**Term Date**")

2.3 *Extension of Term Date*

The Trustees in their absolute discretion and with the agreement of the Borrower may extend the Term Date in respect of a Loan once only for a period not exceeding five years.

3. **NATURE OF THE LOAN**

3.1 *Uncommitted*

The Loan is not committed and whether the Trustees agree to the making of any advance and in what amount is in their absolute discretion.

3.2 *Non-revolving nature*

The Loan is not revolving and if a Loan is repaid in whole or in part the Scheme is not obliged to permit the repayments to be re borrowed or to make further advances to the Borrower and the Scheme is not obliged to lend additional funds on any further occasion.

3.3 *Priority*

While the Loan remains outstanding, the Borrower covenants not without the prior written consent of the Trustees:

- 3.3.1. To create or allow to subsist any debt of the Borrower ranking in priority to the Loan, or

3.3.2 to create or allow to subsist any security over the assets of the Borrower ranking in priority to the Charge.

3.4 *Applicable terms*

If the Trustees agree to make any Loan to the Borrower, such Loan will, unless the Trustees specifically agree in writing otherwise, be made on the terms of this letter and will be subject to the security constituted by the Charge.

4. **OUTSTANDING REPAYABLE ON DEMAND**

4.1 *Repayment on demand*

The Borrower shall, on the Trustees' first written demand, pay to the Scheme the outstanding balance of the Loan or such individual Loans as the Trustees may have specified together with interest, calculated in accordance with this letter, accrued to, and unpaid before, the date of payment and all other costs and expenses then owing under this letter.

4.2 *Discretion of Trustees*

The Trustees may make demand under this letter at any time at their discretion, and whether or not the Borrower is in default of any of the provisions of this letter, and whether or not the making or allowing to remain outstanding any Loan would be contrary to any law applicable to the Scheme.

4.3 *Enforcement of Charge*

If the Trustees have made a demand for payment under paragraph 4.1 which has not been satisfied in accordance with the terms of the demand, the Scheme shall be entitled to enforce the Charge forthwith and without further notice to the Borrower.

5. **CONDITIONS**

5.1 *Documentation*

The Borrower shall provide to the Trustees all of the following in form and substance reasonably satisfactory to them:

- 5.1.1 a duplicate of this letter duly executed by or on behalf of the Borrower by way of acceptance of its provisions;

- 5.1.2 a copy of a resolution of the Board of Directors of the Borrower approving and accepting the provisions of this letter or authorising any Director to accept the provisions of this letter on behalf of the Borrower and authorising named persons or office holders to sign this letter on behalf of the Borrower and authorising named persons or office holders to give any notice, request or other communications which may be required under this letter;
- 5.1.3 the Charge duly executed by the Borrower;
- 5.1.4 a copy of a resolution of the Board of Directors of the Borrower approving and accepting the provisions of the Charge and authorising named persons or office holders to sign the Charge on behalf of the Borrower and authorising named persons or office holders to give any notice, request or other communications which may be required under the Charge;
- 5.1.5 a copy of a written resolution of the shareholders of the Borrower approving this letter, the Charge under section 190 of the Companies Act 2006.

5.2 *Waiver*

The Borrower acknowledges that paragraph 5.1 above is included in this letter for the exclusive benefit of the Scheme and that the Trustees may waive compliance by the Borrower with any of its provisions on the basis that if any condition precedent is waived by the Trustees that condition shall be complied with by the Borrower within three Business Days thereafter.

6 **LOAN ACCOUNT**

The Trustees shall open and maintain an account in the Scheme's books of account for each Loan (each a "**Loan Account**" and together the "**Loan Accounts**"). The Trustees shall keep an accurate record in the Loan Accounts of the amount from time to time owing to the Scheme in respect of the Loan, including interest accrued.

7. **REPAYMENT**

7.1 *Non-mandatory reductions*

The Borrower may, at any time from time to time, reduce the debit balance on the Loan Accounts by paying from other sources an amount in pounds sterling to the Scheme for credit in the Loan Accounts. Unless the Borrower makes an appropriation to any particular Loan Account, the Trustees shall apply any repayment first to the earliest Loan outstanding.

7.2 *Repayment on demand*

The Borrower shall, on the Trustees' first written demand, pay to the Scheme an amount equal to the then debit balance on the Loan Accounts, together with interest, calculated in accordance with this letter, accrued to, and unpaid before, the date of payment and all other costs and expenses then owing under this letter.

7.3 *Amortisation of Loan*

7.3.1 Upon the making of any Loan the number of days falling between the date of the advance of the Loan and the date stipulated in the relevant Drawdown Request as the Term Date shall be the number of "**Loan Repayment Instalments**".

7.3.2 Commencing on the first anniversary following payment and on each year thereafter following the advance of the Loan, the Loan shall be repaid by paying from other sources in pounds sterling to the Scheme for credit in the relevant Loan Account an amount equal to the Loan Repayment Instalments.

Request as the Term Date shall be the number of "**Loan Repayment Instalments**".

7.3.2 Commencing on the first anniversary following payment and on each year thereafter following the advance of the Loan, the Loan shall be repaid by paying from other sources in pounds sterling to the Scheme for credit in the relevant Loan Account an amount equal to the Loan Repayment Instalments.

7.4 *Repayment on Term Date*

Unless the Trustees have agreed to extend the Term Date under paragraph 2.3, an outstanding Loan shall be repaid in full from other sources on its Term Date.

8. **INTEREST**

8.1 *Interest rate*

Subject to paragraph 8.4, the Borrower shall pay interest on the daily debit balance on each Loan Account from time to time at the rate of 1% above the average of the six leading High Street bank base rate per annum ("**Base Rate**") for the period of the loan term. This interest rate will be adjusted in line with that Base Rate every 365 calendar days from the loan date.

8.2 *Time for payment*

The Borrower shall pay interest annually in arrears on the anniversary of this facility document and each calendar year thereafter (each an “**Interest Payment Date**”) and also on the date on which the debit balance on the relevant Loan Account is reduced to zero.

8.3 *Method of payment*

On each Interest Payment Date, the Borrower shall, to the extent that the Borrower has not paid interest then due and payable from other funds, debit each Loan Account with the amount of interest then accrued and unpaid.

8.4 *Rate of interest on overdue payments*

The Borrower shall, on any amount not paid when due, pay interest at the aggregate rate of 1% per annum plus the Base Rate.

8.5 *Time for payment of interest on overdue payments*

The Borrower shall pay such interest accruing under paragraph 8.4 on the last Business Day in each month and on each occasion on which the overdue payment referred to in paragraph 8.4 is made to the Scheme and, to the extent that the Borrower does not pay that interest from other funds, the

9. **FEES AND EXPENSES**

9.1 *Initial and other costs*

The Borrower shall forthwith on demand pay to the Scheme the amount of all reasonable and proper costs and expenses incurred by the Trustees in connection with the negotiation, preparation, execution and performance of this letter and the negotiation, preparation, execution, performance and registration of the Charge and the Deed of Priority at the Companies Registry and all waivers in relation to, and variations of, this letter, the Charge or the Deed of Priority.

9.2 *Enforcement costs*

The Borrower shall, forthwith on demand, pay to the Scheme the amount of all costs and expenses incurred by the Scheme in connection with the enforcement or attempted enforcement against the Borrower of its rights under this letter, the Charge or the Deed of Priority.

9.3 *Legal expenses and taxes*

The costs and expenses referred to above include, without limitation, the fees and expenses of legal advisers and any value added tax or similar tax, and are payable in the currency in which they are incurred.

9.4 *Stamp duty etc*

The Borrower shall pay an amount equal to any stamp, documentary and other like duties and taxes to which this letter, the Charge or the Deed of Priority may be subject or give rise.

9.5 *Transfer charges*

The Borrower shall reimburse on demand all bank and other charges (excluding interest on money borrowed) incurred by the Scheme:

9.5.1 in arranging and maintaining funding of the Loan, and

9.5.2 to carry out transfers of funds to the Borrower.

10. **NOTICES**

10.1 *Communications to be in writing*

Each communication to be made under this letter shall be made in writing but, unless otherwise stated, may be made by facsimile or letter.

10.2 *Delivery of communications*

Any communication or document to be made or delivered by one person to another under this letter shall (unless that other person has by 15 days' written notice to the other party specified another address) be made or delivered to that other person at the facsimile number or address identified at the beginning of this letter and shall be deemed to have been made or delivered when receipt has been acknowledged (in the case of any communication by personal delivery or by facsimile) or (in the case of posting) two working days after being deposited in the post postage prepaid in an envelope addressed to it at that address provided that:

- 10.2.1 any communication or document to be made or delivered to the Trustees shall be effective only when received by them; and
- 10.2.2 any communication or document made or delivered outside normal business hours in the place of receipt shall not be deemed to be made or delivered until opening of business on the next working day in such place.

11. **INFORMATION**

11.1 *Annual Accounts*

The Borrower shall provide to the Trustees no later than the date upon which the unaudited annual accounts of the Borrower and the report of the Directors thereon is delivered to Companies House in each year a true and complete copy of the accounts as filed.

11.2 *Management Accounts*

The Borrower shall provide to the Trustees on their written request (but no more frequently than quarterly) a copy of the most recent management accounts of the Borrower.

11.3 *Valuations*

The Borrower shall at its own cost and at the written request of the Trustees (but no more frequently than annually) obtain for the information of the Trustees such valuations of the assets of the Borrower as the Trustees may (acting reasonably) specify.

11.4 *Conditions to making Loan*

The Trustees may as a condition of making any Loan require the Borrower to provide to the Trustees at the cost of the Borrower such information as the Trustees may in their absolute discretion consider necessary or desirable for the purposes of considering whether or not to make a Loan to the Borrower.

12. **GENERAL**

12.1 *Certificates*

The certificate of the Trustees as to the Base Rate and the balance at any time on the Loan Accounts or as to any amount payable under this letter or of the fact that any amount is due and payable shall be conclusive and binding on the Borrower unless there is an obvious error.

12.2 *Severability*

If a provision of this letter is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this letter.

12.3 *Waivers, remedies cumulative*

The rights of the Scheme under this letter may be exercised as often as the Trustees consider necessary or desirable, are cumulative and not exclusive of the Scheme's rights under any applicable law and may be waived only in writing and specifically.

12.4 *Delay*

Delay in exercising or the non-exercise of any of the Scheme's rights under this letter is not a waiver of that right.

12.5 *Restrictions on the Borrower*

The Borrower may not assign or transfer any of its rights and/or obligations under this letter.

12.6 *Successors etc*

This letter shall be binding on an inure to the benefit of the Scheme and the Trustees of the Scheme from time to time and the Borrower and their respective successors and permitted assigns and references in this letter to any of them shall be construed accordingly.

12.7 *Governing law*

This letter shall be governed by English law.

12.8 *Third Parties*

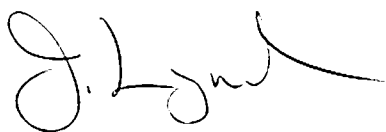
A person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this letter.

If you are in agreement with the above terms and conditions, please sign and return the enclosed copy of this letter.

Yours faithfully,

JENNIFER LYNCH
ML & S Martin Lynch & Sons Limited Pension Scheme

We refer to your letter dated 10 May 2011 (of which the above is a copy) and confirm that the Borrower accepts and agrees to be bound by the terms and conditions thereof.

A handwritten signature in black ink, appearing to read 'J. Lynch', with a long horizontal flourish extending to the right.

Director
For and on behalf of **M J LYNCH & SONS LIMITED**

Dated 10 May 2011

**THE ML & S MARTIN LYNCH & SONS
EXECUTIVE PENSION SCHEME**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING
30 APRIL 2011**

**WHITE HART ASSOCIATES LLP
REGISTERED AUDITORS
EAST HOUSE
109 SOUTH WORPLE WAY
LONDON SW14 8TN**

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 APRIL 2011

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THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

TRUSTEES AND ADVISERS – 30 APRIL 2011

| | |
|--|--|
| Trustees: | M Lynch J Lynch |
| Actuarial adviser: | Pension Practitioner.com Limited |
| Accountants: | White Hart Associates LLP East House 109 South Worple Way London SW14 8TN |
| Pension Schemes Office Reference: | 00739036RT |

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 APRIL 2011

The trustees have pleasure in presenting their report and the financial statements for the year ended 30 April 2011.

Nature of the scheme

The pension scheme is a small self-administered money purchase scheme providing retirement and death benefits to two officers of ML & S Martin Lynch & Sons Ltd. At present there is one member in the scheme. The scheme has exempt approval status from H.M Revenue and Customs and the trustees are not aware of any reasons why such approval should be withdrawn.

Trustees and advisers

The names of the current trustees and the scheme advisers are shown on page 1. There have been no changes in either the trustees or the scheme advisers during the year.

The existing trustees are responsible for the appointment of trustees. A trustee can retire from office at any time. As the scheme is a small self-administered scheme, one of the trustees is a pensioner trustee. Currently the role is carried out by Pension Practitioner.com Limited.

Benefits review

The scheme provides for the actual level of contributions to be decided by the employer and for benefits for the member to be those secured by the scheme's assets, subject to the limits imposed by H.M Revenue and Customs.

Scheme members may also contribute to the fund but none has done so as at the year-end.

The normal retirement date is determined for each member by the employer, subject to H.M Revenue and Custom rules. The employer will inform the members of their normal retirement date on entering the scheme.

If a member were to die before retirement, the member's share of the fund would be available to provide a lump sum and/or a pension within the limits specified by H.M Revenue and Customs to the appropriate beneficiaries.

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 APRIL 2011

Trustees' responsibilities

Under regulations made under the Pensions Act 1995, the trustees are required to obtain accounts for each financial year which give a true and fair view of the financial transactions of the scheme during the scheme year, the amount and disposition of the assets at the end of the scheme year, and the liabilities of the scheme, other than the liabilities to pay pensions and benefits after the end of the scheme year. Such accounts must also contain the information specified in the Regulations.

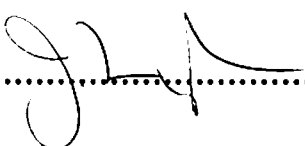
The trustees are also responsible for keeping records of their meetings and of the financial transactions of the scheme, and for safeguarding the assets of the scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Both members of the scheme now qualify and are drawing retirement benefits.

Further information

Members and beneficiaries can inspect the following documents on request:

- the document constituting the scheme;
- copy of the latest actuarial report to H.M Revenue and Customs.

.....  **J Lynch – Trustee – 17 June 2011**

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME
FUND ACCOUNT FOR THE YEAR ENDED 30 APRIL 2011.

| | Notes | 2011 £ | 2010 £ |
|--|-------|----------------|----------------|
| Contributions and benefits | | | |
| Contributions paid in | | 100,000 | 150,000 |
| Benefits payable – tax free lump sum | 3 | - | (100,000) |
| Administrative expenditure | 4 | (35) | - |
| | | <hr/> | <hr/> |
| Net contributions from dealings with members | | 99,965 | 50,000 |
| | | <hr/> | <hr/> |
| Return on investments | | | |
| Investment income | 5 | 6,418 | 2,433 |
| Changes in market value of investments (loss) | | - | - |
| Profit (loss) on sale of investments realised | | - | - |
| | | <hr/> | <hr/> |
| Net surplus (deficit) return on investments | | 6,418 | 2,433 |
| | | <hr/> | <hr/> |
| Net increase (decrease) in the fund during the period | | 106,383 | 52,433 |
| | | <hr/> | <hr/> |
| Net assets from 1 May 2010 | | 452,433 | 400,000 |
| | | <hr/> | <hr/> |
| As at 30 April 2011 | | 558,816 | 452,433 |
| | | <hr/> | <hr/> |

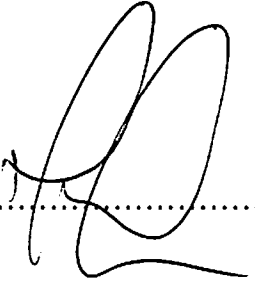
The notes on pages 6 and 7 form part of these financial statements.

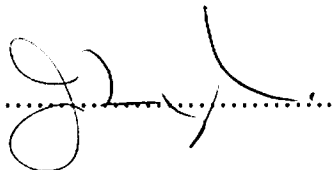
THE M L & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

NET ASSETS STATEMENT AS AT 30 APRIL 2011

| | Notes | 2011 £ | 2010 £ |
|---|-------|----------------|----------------|
| Investment assets | | 558,816 | 452,433 |
| Current assets and liabilities | | - | - |
| | | ===== | ===== |
| Net assets of the scheme as at 30 April 2011 | | 558,816 | 452,433 |
| | | ===== | ===== |

These financial statements were approved
by the Trustees on 17 June 2011
and were signed on its behalf by:

.....
M Lynch 

.....
J Lynch 

The notes on pages 6 and 7 form part of these financial statements.

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011.

1. Basis of preparation

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of liabilities to pay pensions and other benefits which fall due after the scheme year. Such liabilities are taken into account in the actuarial reports prepared for the scheme periodically.

2. Accounting policies

Accruals basis

The financial statements have been prepared on an accruals basis. Contributions are included when payable, according to the payment schedule agreed with the former employer. Additional voluntary contributions are included on a cash basis.

All investments are valued at market value.

| | 2011 £ | 2010 £ |
|-----------------------------------|-----------|---------------|
| 3. Benefits payable | | |
| Benefits payable: | | |
| Lump sum | - | 100,000 |
| | <hr/> - | <hr/> 100,000 |
| | ===== | ===== |
| 4. Administrative expenses | 2011 £ | 2010 £ |
| Professional fees | - | - |
| Bank charges | 35 | - |
| | <hr/> 35 | <hr/> - |
| | ===== | ===== |

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011

| | Notes | 2011 £ | 2010 £ |
|--|----------------|----------------|----------------|
| 5. Investment income | | | |
| Investment income comprises | | | |
| Interest on cash deposits and income securities | | 5,584 | 2,433 |
| Interest on loans | | 834 | - |
| | | <u>6,418</u> | <u>2,433</u> |
| | | ===== | ===== |
| 6. Investment assets | | | |
| | Cost | 2011 Value | 2010 Value |
| | £ | £ | £ |
| Investment assets comprise: | | | |
| Unquoted shares | - | - | - |
| Cash deposits/unit trusts | 472,355 | 472,355 | 452,433 |
| Loans to connected companies | 86,461 | 86,461 | - |
| Quoted securities – UK equities | - | - | - |
| Freehold property | - | - | - |
| | <u>558,816</u> | <u>558,816</u> | <u>452,433</u> |
| | ===== | ===== | ===== |
| 7. Current assets | | 2011 £ | 2010 £ |
| Current assets comprise: | | | |
| Debtors | | - | - |
| | | <u>-</u> | <u>-</u> |
| 8. Current liabilities | | 2011 £ | 2010 £ |
| Current liabilities comprise: | | | |
| Creditors and accruals | | - | - |
| Rent deposits | | - | - |
| | | <u>-</u> | <u>-</u> |

THE ML & S MARTIN LYNCH & SONS EXECUTIVE PENSION SCHEME

COMPLIANCE STATEMENT

YEAR ENDING 30 APRIL 2011

Changes to scheme rules

There have been no changes to the scheme rules this year, and no increases in pensions have been awarded, as such increases are only rewarded following an actuarial valuation, in accordance with the rules of the scheme.

Tax status

The ML & S Martin Lynch & Sons Executive Pension Scheme is an exempt approved scheme. The trustees are not aware of any matters which might prejudice the tax status of the scheme.

Contact address

Any member who has queries on any matter concerning the scheme may raise these by contacting the Trustees at the address appearing on page 1 of this annual report. Copies of the scheme rules and other documentation are available from the same address.