

PSO ref: 047/0593/000455/2/C

DEED dated 9th December

1998



BETWEEN

- (1) Prima Services Ltd whose Registered Office is at 44 Richmond Rd
Kingston-Upon-Thames, Surrey, KT2 5EE ("the Principal Company")
- (2) Mr Donovan John Clarke of 42 Spinning Hill, Addlestone, Surrey
Mrs Susan Hazel Clarke of 42 Spinning Hill, Addlestone, Surrey
- of

MH TRUSTEES LIMITED whose Registered Office is at Moorgate House, 201 Silbury Boulevard, Central Milton Keynes, MK9 1LZ and BARNETT WADDINGHAM TRUSTEES LIMITED whose Registered Office is at Chalfont Hall, Chalfont St. Peter, Buckinghamshire, SL9 0NP ("the Trustees")

WITNESSES the establishment with effect from the date of this Deed of the Prima Services Ltd Pension Plan. ("the Scheme") in accordance with the following Rules:

1. Trust

The Trustees accept appointment as Trustees and administrator of the Scheme and will hold all sums and assets they receive, property representing them and income on irrevocable trust to pay the benefits of, and otherwise comply with, the Scheme.

2. Definitions

In this Deed (unless the context otherwise requires):

"Accumulated Contributions" means any contributions paid by the Member (including any part of a receipt under 11.4 representing such contributions) plus compound interest thereon at such rates as the Trustees may from time to time (having taken Actuarial Advice) determine;

"Actuarial Advice" means advice of (or of a firm or company providing the services of) a Fellow of the Institute of Actuaries or the Faculty of Actuaries in Scotland who (or whose firm or company) is appointed by the Trustees;

"Actuary" means the actuary for the time being appointed to give Actuarial Advice;

"Approved Scheme" means a retirement benefits scheme which has Revenue Approval or is otherwise specifically approved by the Inland Revenue for the relevant purpose or a relevant statutory scheme (as defined in section 611A Taxes Act) or a personal pension scheme (approved under Chapter IV Part XIV Taxes Act);

"Beneficiary" means any person who may benefit in respect of any membership of the Scheme;

"Class A Member" means any Member who is not a Class B Member or a Class C Member;

"Class B Member" means any Member who the Inland Revenue agree may be treated as a Class B Member but excluding any Class C Member and any Member who before his benefits commence (or are the subject of a payment under Rule 11.1 or 11.2 or of a cash equivalent as referred to in Rule 11.6) or his 75th birthday if earlier, elects to be treated as a Class A Member;

"Class C Member" means any Member who the Inland Revenue agree may be treated as a Class C Member but excluding any Member who before his benefits commence (or are the subject of a payment under Rule 11.1 or 11.2 or of a cash equivalent as referred to in Rule 11.6) or his 75th birthday if earlier, elects to be treated as a Class A Member;

"Company" means any body corporate or unincorporated association, but does not include a Partnership;

"Controlling Director" means a Member who, at any time on or after 17th March 1987 and in the last 10 years before the Relevant Date has in relation to the Employer been both a Director as defined in section 612(1) Taxes Act and within paragraph (b) of section 417(5) Taxes Act;

"Current Member" means a Member in Service who has not opted out of the Scheme (which any Current Member may do by one month's written notice to the Trustees); after ceasing to be a Current Member, a Member may only become a Current Member again by invitation and application under Rule 3;

"this Deed" includes any alterations hereof for the time being in force;

"Default Event" means:

1. the making of an order or the passing of a resolution for the winding up of the Principal Company; or
2. the appointment of a receiver or administrator in respect of the Principal Company or any of its assets; or
3. a majority of the shares of the Principal Company carrying a vote on any matter in general meeting coming (in the opinion of the Trustees) under the direct or indirect control of any person or persons not able to control such a majority on the date of this Deed;

"Dependant" of a person means his Spouse, his child or any person who in the opinion of the Trustees is (or was at his death) dependent on him for all or any necessities of life;

"Eligible Recipients" in relation to a person are his Spouse, his grandparents, such grandparents' descendants, such descendants' Spouses, his Dependants, persons interested in his estate and persons whom he has nominated to the Trustees in writing;

"Employee" means an employee of an Employer (including a Director of an Employer who retains his remuneration from that Employer for his own benefit and not as income taxable as the receipts of a profession);

"Employer" means the Principal Company and any employer for the time being participating in the Scheme under Rule 17;

"Incapacity" means physical or mental incapacity which prevents the Member following his normal occupation or seriously impairs his working capacity;

"Insurance Policy" means an annuity contract or policy (with the U.K. office or branch of an insurance company to which Part II of the Insurance Companies Act 1982 applies and which is authorised by or under section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act) which contains such limitations on benefits and dealings as are required for Revenue Approval;

"Member" means a person who has joined the Scheme under Rule 3;

"Member's Fund" of a Member means that part of the assets of the Scheme which is for the time being certified by the Trustees (having taken Actuarial Advice) as being attributable to him and for this purpose, and subject to any adjustment the Trustees consider appropriate:

1. contributions made by or in respect of him, receipts in respect of him under Rule 11.4 (subject to any specific benefit allocation thereunder), proceeds of any insurance relating to him and any augmentation of the relevant Member's Fund under Rule 13.3.1 will be included;
2. where any Employer's contribution is not allocated by the Employer between the relevant Members when it is made, such allocation shall (as soon as practicable after the contribution is made) be determined by the Trustees on Actuarial Advice so as to provide the relevant Members with equivalent expectations from that contribution having regard to their respective age, Service, remuneration and Normal Pension Age;
3. the cost of providing or securing any benefits for him or in relation to his membership (including insurance premiums paid), any payment in respect of him under Rule 12.5, and any surplus of the relevant Member's Fund applied, paid or transferred under Rule 13.3 will be deducted;
4. there will be added or subtracted (as appropriate and on the basis of such valuations as the Trustees think fit) either:
 - 4.1 a due proportion of all income, gains or losses (whether or not realised and taking account of related expenses) of the Scheme, or so much of it as is not for the time being attributable to any segregated Member's Fund under 4.2 below; or
 - 4.2 if with his consent his Member's Fund shall have been segregated by the Trustees from the remainder of the Scheme, the whole of the income, gains or losses (whether or not realised and taking account of related expenses) of his segregated Member's Fund;
5. a due proportion of any other expenses borne by the Scheme will be deducted;

6. any segregation of one or more Member's Funds under 4 above is notional and for the purpose of benefit calculation only and is without prejudice to the fact that all Beneficiaries have a full claim on all the assets of the Scheme (other than any deriving from voluntary contributions under Rule 4.3 which have been segregated from the common fund) as a common fund for the provision of benefits;

"Normal Pension Age" means such age (which, unless the Inland Revenue otherwise agree in any individual case, will not be less than 60 nor more than 75) as is notified by the Principal Company to the Member when he joins the Scheme;

"Pension Commencement Date" means the Member's Normal Pension Age unless he elects either:

1. for a later date (but not later than his leaving Service or (if he left Service before Normal Pension Age) leaving all employment); or
2. for an earlier date which does not precede his leaving Service and is (unless through Incapacity) not earlier than age 50;

"Pensionable Service" has the meaning ascribed to it by paragraph 3 Schedule 16 Social Security Act 1973;

"Pensioner" means a Member whose pension has started;

"Preservation Provisions" means the legislation for the time being in force relating to preservation, first introduced by the Social Security Act 1973;

"Principal Company" means the Principal Company named above or such other Employer as may for the time being be Principal Company by virtue of Rule 17.4;

"Private Company" means a company which is not officially listed on a recognised stock exchange within the meaning of section 841 of the Taxes Act;

"Qualifying Service" means Service as a Member plus service pensionable under any scheme from which assets have (directly or via an annuity contract or policy) been received for the Member under Rule 11.4; however no period will count twice and service before a break exceeding one month will be disregarded if a refund under Rule 9 or payment under Rule 11.1 or 11.2 or of a cash equivalent as referred to in Rule 11.6 has been made for that service unless either continuity is required under Section 45 Employment Protection (Consolidation) Act 1978 (and the Member is a Current Member at some time during the month after returning to work) or the break corresponds to the Member's absence from work in furtherance of a trade dispute (as defined in section 19(2)(b) Social Security Act 1975);

"Relevant Date" means the date of retirement, leaving Pensionable Service or death as the case may be;

"Revenue Approval" means approval under Chapter I Part XIV Taxes Act; and Revenue Approval relates to the Scheme unless the context otherwise requires;

"Rule" means a clause of this Deed;

"Service" means employment by any Employer;

"Spouse" includes a widow or widower;

"Taxes Act" means the Income and Corporation Taxes Act 1988;

"Trivial" means having an actuarial value less than a pension of £260 p.a. or such other amount as may for the time being be prescribed by the Inland Revenue for the purpose;

"Trustees" means initially those named above and thereafter the Trustees for the time being of the Scheme;

3. Membership

Every Employee (or former Employee) who is invited by the Principal Company may join the Scheme (or, if so invited, resume Current Membership) by completing an application in the form required by the Trustees.

4. Contributions

4.1 Each Current Member will contribute at such rate (if any) as he from time to time agrees with his Employer.

4.2 Each Employer will contribute (in respect of Members who are or were its Employees) amounts from time to time determined by the Principal Company on Actuarial Advice.

4.3 A Current Member may make voluntary contributions to secure additional benefits.

4.4 Each Member's contributions will be deducted by his Employer from earnings and paid to the Trustees.

5. Members' Pensions

Each Member will be entitled to a pension starting on his Pension Commencement Date. The amount of his pension will be determined by the Trustees on Actuarial Advice and will depend on the value of, and not be more than that which is capable of being provided by, his Member's Fund. The Trustees may reduce or suspend (until his Normal Pension Age) a Member's pension taken early through Incapacity if they are not satisfied that the Incapacity continues. Subject to this, a Member's pension will continue for life, and will (unless the Trustees decide otherwise) be guaranteed for 5 years (or such other period, being not more than 10 years, as the Trustees may decide) from its commencement.

6. Retirement Options

6.1 A Member may, when his pension begins, elect to take a lump sum of not more than his Member's Fund. A Class B Member or a Class C Member whose pension has not started at Normal Pension Age may take such a lump sum between Normal Pension Age and his pension starting, but he may not take more than one lump sum.

- 6.2 The Trustees may allow a Member to surrender pension to provide a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him. The amount of the resulting Dependants' pensions will be calculated on a basis certified as reasonable by the Actuary, but must not in aggregate exceed the pension he retains (inclusive of the pension equivalent of any lump sum taken under Rule 6.1). If before the Member's pension starts, the nominated Dependant dies the surrender will not have effect. A pension under this Rule is additional to any arising under Rule 8, and no pension arising under Rule 8 will affect the computation of one under this Rule.

7. Lump Sum Death Benefits

- 7.1 On the death of a Member a lump sum death benefit may be paid equal to his Member's Fund or such lesser amount as the Trustees may determine. If the Member's pension has started, this Rule only applies if any guarantee period under Rule 5 is not more than 5 years, in which case the lump sum will equal (and replace) the outstanding guaranteed pension payments.

- 7.2 The Trustees will pay or apply such lump sum (and any payments of the Member's pension payable after his death under a guarantee) to or for the benefit of one or more Eligible Recipients in such proportions as they think fit within two years of the death. The Trustees may pay all or any of the lump sum to Trustees of another trust to benefit one or more Eligible Recipients or may direct all or any of the lump sum to be held by themselves or other Trustees on such trusts, including discretionary trusts, and with such powers and provisions, including maintenance, advancement, accumulation, selection and variation, for the benefit of one or more Eligible Recipients as the Trustees think fit. If however a Controlling Director dies in Service on or after his 75th birthday and before his pension starts, the lump sum will be paid to his surviving Spouse (if any). If (in this latter case) he has no surviving Spouse or if and to the extent that (in the case of any Member) the lump sum is not so paid or applied within two years of the death, the lump sum will (unless the deceased's estate passes bona vacantia in which case no lump sum in excess of any already committed will be payable) be paid to his personal representatives.

8. Dependants' pensions

Following the death of a Member the Trustees may pay pensions to or for the benefit of one or more persons each of whom is a Dependant of the Member. Each such pension will start on the Member's death. If however the Member dies after his pension has started and the final sentence of Rule 5 applies with a guarantee period of more than 5 years, no pension under this Rule will start until expiry of that guarantee period. Each pension under this Rule is payable for life except in the case of a child of the deceased who is not for any other reason a Dependant, when the pension will cease at age 18 or later completion of full time education or training. The amount of each such pension will be determined by the Trustees on Actuarial Advice and will depend on the value of, and not be more than that which is capable of being provided by, the relevant Member's Fund.

9. Early Leavers

A Member who leaves Pensionable Service with less than two years' Qualifying Service may take a refund of his Accumulated Contributions (if any, and limited to his Member's Fund) in which case Rule 12.1 will apply and Rule 13 will apply to any balance of his Member's Fund remaining.

10. Inland Revenue Limits

- 10.1 The Scheme is intended for Revenue Approval and accordingly all benefits of, and Members' contributions to, the Scheme will be subject to all limits and conditions imposed by the Inland Revenue as a condition of such approval and the Trustees may give, and comply with, such undertakings as the Inland Revenue may require as a condition of granting or continuing approval. The relevant limits and conditions applicable at the date of this Deed are set out in this Rule 10 and the attached appendix. In this Rule 10, the definitions contained in the attached appendix apply and (in case of conflict) supersede those contained in Rule 2.
- 10.2 Any term used in the Scheme as a measure of the annual earnings of a Class A Member for the purpose of calculating benefits is to be interpreted as though those earnings are no greater than the Permitted Maximum. If the operation of this Rule restricts the annual remuneration by reference to which the benefits of any Member are calculated, the Trustees may augment such benefits to whichever is the lower of the amounts which would have been payable but for such restriction and the limits applicable under Rule 10.1.
- 10.3 No rate of contribution determined under Rule 4.1 may be altered within 12 months of the first payment at the current rate becoming due, without the agreement of the Inland Revenue.
- 10.4 Any retirement benefits secured by voluntary contributions (Rule 4.3) must (unless Rule 12.8 applies or the Inland Revenue has agreed that Revenue Approval would not be prejudiced) be in the form of non-commutable pension for himself or his Dependents.
- 10.5 The contributions paid to the Scheme by a Member in any year of assessment shall not, when aggregated with his contributions to any other exempt approved schemes (but, in the case of a Class B Member or a Class C Member, only those which are Associated Schemes), exceed 15% of his Remuneration for that year. Nor (in the case of a Class A Member) shall they, when aggregated with his contributions to any Associated or Connected Schemes, exceed 15% of the Permitted Maximum.
- 10.6 Where in addition to being a member of the Scheme the Member is also a member of a Relevant Scheme ("the voluntary scheme") which provides additional benefits to supplement those provided by the Scheme and to which no contributions are made by any employer of his, the provisions of the paragraph that follows shall apply in relation to any augmentation of the benefits provided for him by the Scheme after he has ceased to participate in it.

Any provisions in the Scheme imposing a limit on the amount of a benefit provided for the Member shall have effect (notwithstanding anything in them to the contrary) in relation to any augmentation under the Scheme granted after the Member has ceased to participate in it, as if they provided for the limit to be reduced by the amount of any like benefit provided for the Member by the voluntary scheme.

- 10.7 Any provision in the Rules to provide a lump sum benefit on the death of a Member occurring after retirement on pension (other than a payment under a guarantee of pension provision) shall be restricted in respect of a Class A Member to exclude any provision other than on death occurring before Normal Pension Age and after retirement on grounds of Incapacity. The amount of the benefit shall not exceed the amount payable had the Member died immediately before retirement increased in proportion to any increase in the Index between the date of the Member's retirement and the date of death.

- 10.8 The Scheme provisions shall have effect (notwithstanding anything in them to the contrary) as if they provided:-

10.8.1 that a Class A Member's retirement benefits shall not commence earlier than the Member attaining age 50, except on retirement on grounds of Incapacity, nor later than attaining age 75, and

10.8.2 subject to 10.8.1 above that no part of a Class A Member's retirement benefits shall be paid in advance of actual retirement.

- 10.9 Any provisions in the Scheme permitting the Member to make voluntary contributions to secure additional benefits shall (notwithstanding anything in them to the contrary) have effect as if the provisions of Part III Schedule 6, Finance Act 1989 concerning the return of surplus funds applied to the Scheme. For the purpose of any such return (which shall be subject to section 599A Taxes Act) any restriction of the Aggregate Retirement Benefit required by any limit applicable under Rule 10.1 shall first be effected on those additional benefits.

The Trustees shall comply with the requirements of Regulation 5 of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 [SI 1993 No 3016] and where the Scheme is the "leading scheme" in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern "main schemes". If those Regulations are amended or replaced by any other Regulations then this paragraph will have effect as if it had been amended or replaced accordingly.

- 10.10 For the purposes of providing immediate benefits at the Relevant Date Final Remuneration may be calculated using remuneration assessable to tax under Case I or II of Schedule E and upon which tax liability has not been determined. On determination of this liability Final Remuneration must be recalculated. Should this result in a lower Final Remuneration, benefits in payment shall be reduced if and to the extent that this is necessary to ensure that they do not exceed the limits applicable under Rule 10.1 based on the lower Final Remuneration. Where Final Remuneration is greater, the Trustees may augment benefits in payment (but not so that they are any greater than they would have been had Rule 10.1 not applied) but such augmentation must take the form of non-commutable pension. Where immediate benefits are not being provided or where a

payment under Rule 11.1 or 11.2 or of a cash equivalent as referred to in Rule 11.6 is to be made Final Remuneration may only be calculated using remuneration assessable to tax under Case I or II of Schedule E upon which tax liability has been determined.

- 10.11 The benefits arising on retirement from a transfer value shall not be capable of commutation nor shall they be paid in lump sum form if the transfer is accompanied by a certificate from the administrator of the transferring scheme to the effect that the transfer value is not to be used to provide benefits in lump sum form.
- 10.12 When making a transfer to an approved personal pension scheme the Trustees shall provide a certificate of the maximum lump sum payable on retirement from the transfer value if the transferring member:
- 10.12.1 was aged 45 or more at the time that the transfer payment was made, or
- 10.12.2 has at any time within the 10 years preceding the date on which the right to the cash equivalent being transferred arose, been, in respect of any employment to which the transfer payment or any part of it relates, either
- 10.12.2.1 a Controlling Director or
- 10.12.2.2 in receipt of annual remuneration in excess of £60,000 or, if greater, the allowable maximum (ie the equivalent for pension schemes of the Permitted Maximum) for the year of assessment in which the date of transfer falls, or
- 10.12.3 is entitled to benefits included in the transfer payment which arise from an occupational pension scheme under which the normal retirement age is 45 or less.
- 10.13 Any retirement benefits arising by virtue of the receipt by the Scheme of a transfer value in respect of a Class B Member or a Class C Member (other than from another scheme providing benefits in respect of Service) shall not be capable of commutation unless and then only to the extent that a certificate has been obtained from the administrator of the transferring scheme showing the maximum lump sum payable from the transfer value. The amount so certified may be increased in proportion to any increase in the Index since the date the transfer payment was received.
- 10.14 When, on or after a transfer having been made in respect of a Class B Member or a Class C Member to another occupational pension scheme, the administrator of that scheme requests such a certificate as is referred to in Rule 10.13, the Trustees shall calculate as at the date of the transfer the maximum lump sum payable on retirement from the transfer value and certify that amount to the receiving scheme.
- 10.15 Subject to Rule 19.1 but otherwise notwithstanding anything to the contrary in the Scheme provisions, the attached Schedule shall apply to the Scheme.

11. Transfers

- 11.1 The Trustees may transfer assets to another Approved Scheme so that benefits (which may differ as to amounts, beneficiaries or otherwise from those under the Scheme) will be secured under that Approved Scheme instead of benefits which would otherwise have been provided under the Scheme in respect of any Member(s). The assets to be transferred will have a value (on the basis of such valuations as the Trustees think fit) equal to amount of the relevant Member's Fund(s) less any expenses of the transfer. The Trustees will
- 11.1.1 inform the administrator of the other scheme of the amount of any Member's contributions included in the transfer and any restrictions on their refund;
 - 11.1.2 obtain from the administrator of the other scheme details of any legislation under or by virtue of which it is an Approved Scheme; and
 - 11.1.3 give the administrator of the other scheme any relevant information he may request.
- 11.2 The Trustees may apply the amount which would otherwise be available under Rule 11.1 in taking out an Insurance Policy (which may include provision for an open market option or for surrender for the purpose of transfer to another Approved Scheme and which (subject to such limitations as are required for Revenue Approval) may provide benefits which differ (as to amounts, beneficiaries or otherwise) from those under the Scheme) for the Member and in his name. Such an application may be made without the consent of the Member, but only if any conditions specified in the Preservation Provisions are satisfied.
- 11.3 Whether or not the Member's consent is required to a transfer or application under this Rule 11, it may be made without the consent of anyone else.
- 11.4 The Trustees may in respect of any Member receive assets transferred by a personal pension scheme or by (or being the surrender value of an Insurance Policy representing or derived from an interest in) another retirement benefits scheme and will include them in his Member's Fund or otherwise provide such benefits as, acting on Actuarial Advice, they think fit. In addition the Trustees will comply with any restriction on refunds of contributions arising from the transfer which may be notified by the transferring scheme or insurer.
- 11.5 In exercising their powers under this Rule 11 the Trustees will comply with any undertaking they give to the Inland Revenue and when making any transfer or application, will give any certificate required by virtue of Revenue Approval.
- 11.6 The Trustees acknowledge that they may have obligations as to the payment of a cash equivalent under the relevant legislation. The Trustees' powers under this Rule 11 are discretionary and they may therefore withhold any transfer or application they might otherwise have made pending exhaustion of any rights which may arise under such legislation. If any payment which the Trustees purport to make as a cash equivalent does not comply with the legislative requirements or is in excess of them, it (or the excess) will take effect as a transfer or application under this Rule and the Member's actual or purported exercise of his option for a cash equivalent will constitute his consent thereto.

12. Benefits - Supplementary Provisions

- 12.1 Any refund of contributions under Rule 9, transfer under Rule 11.1, application of assets under Rule 11.2, appropriation and application under Rule 17.2 or amalgamation under Rule 17.3 will discharge the Trustees from all obligations under the Scheme to the relevant Member(s) or any person who may benefit from his or their membership and will extinguish the relevant Member's Fund(s) and all rights arising from such membership.
- 12.2 The Trustees may grant any pension on terms that it will be increased periodically and may grant increases to any pension in payment (for which purpose the Trustees will annually review all pensions being paid). In particular (but without prejudice to the generality of this Rule) any such grant may be made so as to take account of increases in the cost of living or the general level of earnings obtaining in Great Britain. However increases will not be paid to any greater extent than in the opinion of the Trustees on Actuarial Advice they can be provided by the relevant Member's Fund.
- 12.3 On request of the Principal Company the Trustees may (subject to payment of any special contribution which on Actuarial Advice they may require) provide altered, increased or additional benefits (complying with Rule 10 and the Preservation Provisions) in respect of any Member or benefits (so complying) in respect of any present or former Director or employee of any Employer (or their Dependants). This Deed applies as appropriate in respect of any such person as it applies in respect of a Member.
- 12.4 The Trustees may deduct from any payment any tax for which they are accountable.
- 12.5 If a Member is under a monetary obligation to his Employer arising out of his criminal, negligent or fraudulent act or omission, the Employer may require his Member's Fund (or the benefits in respect of him) (excluding any attributable to a transfer under Rule 11.4) to be reduced (or, as appropriate, eliminated) by deduction of an amount determined by the Trustees on Actuarial Advice as equivalent to, or not greater than, the obligation and the payment by the Trustees to it of the value of the deduction. The person concerned will be entitled to a certificate showing the amount paid and its effects on benefits. If the obligation is disputed the Trustees may suspend benefits until the obligation becomes enforceable under a court order or arbitration award. Any Employer receiving a payment under this Rule will indemnify the Trustees against any claims arising because of such payment.
- 12.6 Benefits under the Scheme are not assignable. If any act or event (not provided for in this Deed) occurs by which the benefit of any person would wholly or partly become payable to a third party, that person's entitlement to benefit will cease. The Trustees may nevertheless pay or apply benefits of no greater value to or for that person or any of his Dependants as they think fit but may not make any payment to a purported assignee or chargee.
- 12.7 The Trustees may pay or apply any amount due to a person who in their opinion is incapable (e.g. by minority, mental disorder or illness) for that person's benefit either themselves or through some other person. The receipt of any person to whom the Trustees make any payment hereunder will discharge the Trustees. The Trustees may make any choice which any such person has under the Scheme for him.

- 12.8 The Trustees may allow a person whose benefits (taken with all others due to him from retirement benefits schemes or free-standing additional voluntary contribution schemes relating to his Service) are when they become due, or on termination of the Scheme, Trivial or (subject to the consent of the Inland Revenue) who is in exceptional circumstances of serious ill-health on his pension starting, to surrender the whole of his pension for a lump sum equal to such part of the relevant Member's Fund as would otherwise have been applied to provision of the pension. The surrender will not affect any other benefits in respect of the relevant Member.
- 12.9 The Trustees will decide the method and frequency of pension payments, which however will not be made more than one year in advance. When the recipient of a pension dies, no apportionment of payments due or paid before the death will be made.
- 12.10 Beneficiaries will be responsible for notifying the Trustees of their current addresses; and notices and payments may be sent by post (to the address last known to the Trustees) at the Beneficiary's risk and will be deemed received two days after posting.
- 12.11 Beneficiaries and Employers will provide all information (and supporting evidence) required to establish benefit or entitlement or to make any underlying actuarial or other calculation and the Trustees may withhold benefit pending receipt of information and may on Actuarial Advice adjust any benefits following discovery of any relevant false premise.
- 12.12 Neither membership of the Scheme nor its terms constitute of themselves employment rights of Members.
- 12.13 Where under this Deed an alternative to short service benefit (as defined in the Preservation Provisions) is permitted and the Preservation Provisions so require, the Trustees must be reasonably satisfied that the value of the alternative equals or exceeds the relevant value as required by the Preservation Provisions.
13. Excess Member's Funds
- 13.1 This Rule applies if:
- 13.1.1 after the Trustees have paid or secured all (or been discharged from all obligations to provide any) benefits which may arise under the Scheme in respect of any Member, his Member's Fund is not exhausted; or
- 13.1.2 the Trustees are satisfied on Actuarial Advice that any Member's Fund is so great that Revenue Approval may be prejudiced or the Scheme may (in whole or in part) become liable to tax; or
- 13.1.3 the Trustees agree with a Member that his Member's Fund may be reduced.

- 13.2 For the purpose of this Rule the surplus is the balance of the relevant Member's Fund in a case referred to in Rule 13.1.1, the reduction required to prevent Revenue Approval being prejudiced or liability to tax in a case referred to in Rule 13.1.2 and the reduction agreed between the Trustees and the relevant Member in a case referred to in Rule 13.1.3.
- 13.3 Where this Rule applies the Trustees will give written notice to the Principal Company of the surplus, whereupon:
- 13.3.1 the Principal Company may within 3 months direct that the surplus be applied wholly or partly under Rule 12.3 and/or in augmentation of other Member's Funds (in proportions to be specified by the Principal Company); and/or
- 13.3.2 subject to the prior consent of the Inland Revenue and any required deduction of tax under section 601 Taxes Act, any balance of such surplus not so applied will be paid or transferred to the relevant Employer (or Employers in proportions determined by the Principal Company).
14. Assets
- 14.1 For the purposes of the Scheme the Trustees may, anywhere, themselves or with others, acquire or dispose of any property, participate in or finance any company or business, deposit (whether or not at interest), lend or borrow money or other property, mortgage or charge any assets, enter any contract, undertake any obligation, give any indemnity or insure assets for any risk and amount.
- 14.2 Pursuant to these powers (but without prejudice to their generality):
- 14.2.1 property includes any interest in property, and property acquired may be real or personal, moveable or immoveable, tangible or intangible, income producing or not and may be in securities of any Employer;
- 14.2.2 assets may be applied or encumbered for any purpose which will or may benefit the Scheme, notwithstanding that this may not be regarded as investment or may involve a risk of loss, and as if the assets were beneficially owned by the Trustees personally;
- 14.2.3 any loan to any Employer will be on commercial terms and at commercial interest rates;
- 14.2.4 no loan will be made to any individual who is a Beneficiary;
- 14.2.5 benefits may be secured by Insurance Policies taken out by (and in the names of) the Trustees; and subject to Rule 14.6 (a) the initial level of any Member's pension will be so secured when it starts; (b) the initial level of any Spouse's pension will be so secured when it starts (but so that the Trustees may decide that each Spouse's pension under the Scheme will be so secured simultaneously with the relevant Member's pension: if they do not, the only

person eligible to receive a pension by virtue of marriage to a Member will be a Spouse to whom he is married when he dies); (c) increases to any pension so secured will be so secured when they are granted; and (d) any benefits on death in Service in excess of the relevant Member's Fund will be so secured;

- 14.2.6 borrowing may be for any purpose (including the acquisition of assets, which may be charged to secure the borrowing) but shall be on terms that any pensioner trustee shall have no liability for capital, interest or otherwise except to the extent of assets of the Scheme for the time being available to that trustee;
 - 14.2.7 assets may be acquired (and/or held) by nominees.
- 14.3 Beneficiaries benefit under the Scheme on the basis that:
- 14.3.1 the Trustees owe no duty as to investment other than to act in good faith and as they in their sole discretion consider advantageous to the Scheme and in particular that Scheme assets (or those attributable to a particular Member's Fund) may be applied (a) without regard to diversification and (b) on a basis which may be regarded as speculative or imprudent;
 - 14.3.2 the Scheme is intended to provide benefits in connection with the employment of each Member and accordingly unless and until any benefit becomes payable to any Beneficiary other than the Member, the Trustees owe no duty to such Beneficiary;
 - 14.3.3 the consent of a Member to the purchase, retention or application of any asset affecting his Member's Fund will be evidence (binding all interested Beneficiaries) of compliance by the Trustees with their investment duties unless the contrary is conclusively proved.
- 14.4 This Rule 14.4 applies if the Scheme satisfies all other relevant requirements for the Trustees (or any of them) to be exempt from section 191 Financial Services Act 1986 but would not be so exempt without this Rule. In that case all day to day investment management decisions shall be taken by those of the Trustees who may do so without prejudicing such exemption (or a majority of them) acting with any delegate of any other Trustee or Trustees whose participation in such decisions does not prejudice such exemption.
- 14.5 If regulations are for the time being in force prescribing restrictions under section 57A Social Security Pensions Act 1975 but those regulations are expressed (in whole or in part) not to apply to a scheme constituted as the Scheme then is if it contains a rule that any decision to invest in all or certain employer-related investments is to be agreed by any person or persons, this Rule imposes that requirement.
- 14.6 In the case of (i) a Member who retires for whatever reason on or after 4 February 1994 or (ii) a Member who retired on or after 4 February 1989 but whose pension has not been secured within 5 years of that retirement under Rule 14.2.5 above, the Trustees may purchase an annuity for such Member in accordance with that Rule. The Trustees shall,

however, have the power to defer the purchase of an annuity for such Member or for any Dependant of such Member until in the case of the Member's pension no later than the date on which such Member attains age 75, or in the case of a Dependant's pension until the earlier of the attaining by the Dependant of age 75 or the date on which the deceased Member would have attained age 75, so long as the following conditions are and remain satisfied:

14.6.1 Where all Members of the Scheme and any Dependant are in receipt of pensions, the Trustees shall not, directly or indirectly, make any new loans to the Employer or a Company associated with the Employer or make any new investments in any stock or shares in any Private Company following the first payment of pension to the last Member of the Scheme to retire. In the event that no Member reaches retirement so that only Dependents' pensions come into payment, this restriction will apply on the first payment to the final Dependant. The Trustees shall ensure the repayment of any existing loan made to the Employer or to any Company associated with the Employer and shall realise the value of any stock or shares held in any Private Company within five years of the commencement of pension in respect of the last Member or Dependant.

14.6.2 Where the Scheme has both Members who have not retired and Pensioners and Dependents with benefits in payment whose annuity purchase has been deferred, the Actuary shall exclude each such Pensioner's and Dependant's Member's Fund when determining the proportion and the amount which may be lent to the Employer or any Company associated with the Employer or used to buy stock or shares in any Private Company.

Within 5 years of the commencement of pension to new Pensioners or Dependents the Trustees shall ensure that an appropriate proportion of any loan to or shares in the Employer or any Company associated with the Employer is repaid or sold and shall ensure an appropriate proportion of the value of any stock or shares held in any Private Company is realised.

14.6.3 Where, during the period of deferral, investments held for the purposes of the Scheme include real property, the Trustees shall ensure that there are sufficient other readily realisable assets so as to be in a position to purchase a Member's or Dependant's annuity at any time after the Member or Dependant has attained age 70.

14.6.4 The amount of any new borrowing by the Trustees during any period of deferral shall be restricted so that the Pensioners' and Dependents' Member's Fund are excluded from the calculation in paragraph 2c of the attached Schedule.

During the period of deferral, and whilst the pension is paid by the Trustees:

14.6.5 The Actuary shall certify the amount of pension which can be maintained by the Trustees taking account of:

14.6.5.1 in the case of a Member's pension, any contingent Dependants' pensions payable;

14.6.5.2 the income and assets of the Scheme, and in particular those liquid assets representing the Pensioner's or Dependant's Member's Fund.

The certificate shall compare the pension with the amount of an annuity which could, at that time and on the same terms, be secured with the Member's Fund. Where the pension and annuity differ by 10% or more, the certificate shall include a full explanation. The initial certificate in the case of a Dependant shall compare the pension with an annuity that could have been secured at the Member's death.

14.6.6 A copy of the initial actuarial certificate shall be provided to the Pension Schemes Office with the next actuarial valuation report of the Scheme or earlier on request by the Pension Schemes Office.

14.6.7 A formal review of the amount of pension payable shall thereafter form part of the Scheme's triennial actuarial reviews: and the renewal certificate shall be supplied to the Pension Schemes Office with the actuarial valuation report.

14.6.8 The Trustees shall review the suitability of annuity purchase at least on an annual basis and in connection with significant changes in available annuity rates.

Paragraph 1(3) of the attached Schedule shall apply to determine whether a Company is associated with an Employer for the purpose of this Rule 14.6.

15. Trustees

15.1 The power of removing Trustees and of appointing new or additional Trustees is vested in the Principal Company. Any Trustee may (unless the other Trustees require him to join in a deed of discharge) resign by written notice to the Principal Company and the other Trustees. A corporate trustee (whether or not a trust corporation) may be sole trustee of the Scheme.

15.2 The Principal Company or (as appropriate) the Trustees will ensure that the Trustees always include a person approved by the Inland Revenue as a pensioner trustee. No decision to terminate (wholly or partly) the Scheme will be valid unless either this requirement is at the time complied with or the Inland Revenue approve the termination. Apart from this, the Trustees may act with full validity notwithstanding that (in breach of this requirement) their number does not at the time include a pensioner trustee.

15.3 Notwithstanding Rule 15.4, any decision to terminate (wholly or partly) the Scheme, to borrow, to approve any amendment of the Scheme or to exercise the Trustees' powers (by virtue of Rule 19.2) under Rule 15.1 will require unanimous agreement of all the Trustees (save, in the case of removal of a Trustee, the Trustee being removed so long as there is more than one other Trustee).

- 15.4 Otherwise the Trustees may act by majority vote at a quorate meeting and (subject to any subsequent decision) any resolution so passed will bind any dissentient or absent Trustee. Except where there is a sole corporate Trustee (and subject to any Trustees' resolution to the contrary) two Trustees constitute a quorum. The Trustees may delegate powers, duties or discretions (including, but without limiting the foregoing, those relating to investment or banking transactions) within their number or to third parties and on any terms. In particular any one or more of the Trustees may delegate to any person authorised under the Financial Services Act 1986, his powers in relation to day to day investment management decisions. The continuing Trustee or Trustees may continue to act notwithstanding any vacancy in their number. The Trustees may act by written resolution and for this purpose each Trustee signing an identical document will be as valid as if they had all signed the same document.
- 15.5 No Trustee (nor any officer or representative of a Trustee nor any delegate or nominee of the Trustees) will be liable for any breach of trust except to the extent attributable to his act or omission knowingly and wilfully committed in bad faith and each Trustee (and such person) will be indemnified out of the Scheme against any liabilities relating to the Scheme or the relevant trusteeship unless so attributable to him. The Trustees may, at the expense of the Scheme, insure the Scheme (against loss caused by any of the Trustees or such persons) and themselves and such persons (against liability for breach of trust (except as aforesaid)) and the first sentence of this Rule 15.5 does not apply to so much of any liability as is actually so insured.
- 15.6 The expenses of the Scheme will (except to such extent, if any, as the Employers discharge them) be paid out of the Scheme. Each Trustee will be reimbursed by the Scheme his expenses as a Trustee. Any corporate Trustee and any Trustee (or firm or company in which a Trustee is interested) carrying on a profession or business may charge for services rendered and may retain commissions.
- 15.7 Any Trustee (and any officer or representative of a corporate Trustee or delegate or nominee of the Trustees) may be a Member or Beneficiary (and may retain any benefit).
- 15.8 No Trustees' decision will be invalidated or questioned because any or all of the Trustees (or any officer or representative of a corporate Trustee or any delegate or nominee of the Trustees) had any interest (or was an officer or trustee of, or otherwise connected with, any third party interested) in it.
- 15.9 The Trustees will not be bound or required to interfere in the management or conduct of any business or company in which the Scheme is interested.
- 15.10 Any power or discretion of the Trustees (including any provision which is permissive and not mandatory and any which requires Actuarial Advice) is absolute and unfettered and (so long as any required Actuarial Advice has been taken, even if not followed) no exercise thereof may be questioned unless the decision is made in bad faith. The Trustees may, in such exercise, take account of any wishes expressed by the relevant Member. Where the Trustees have to decide the amount of any benefit(s) or the apportionment of a Member's Fund between benefits they have full discretion to decide the relative amount(s) and to apply the whole or part of the Member's Fund to any one or more benefits to the exclusion of any other or others (whether presently capable of grant or prospective).

16. Information

Actuarial valuations of the Scheme will be prepared at intervals of not more than three years and will be copied to the Inland Revenue as soon as practicable. The Trustees may (and will if the law so requires) annually prepare accounts of the Scheme and have them audited. The Scheme will be operated in conformity with all requirements of the law as to disclosure of information.

17. Employers

17.1 The Principal Company may (unless Revenue Approval would thereby be prejudiced) admit to the Scheme any employer associated with it which by deed agrees with it and with the Trustees to comply with this Deed.

17.2 The participation of any Employer (other than the Principal Company) in the Scheme will cease if it or the Principal Company so notifies the Trustees, if an order is made or a resolution is passed for its winding up or if its continued participation would prejudice Revenue Approval. Thereupon Current Members who are its employees will (unless eligible through another employment) cease to be in Service and therefore cease to be Current Members. The Trustees may (and will in the case of a winding up of the Employer) in respect of those Members (and such, if any, of the relevant Employer's former employees who are Members as they determine) appropriate the relevant aggregate Member's Funds and apply the amount appropriated as if Rule 18 below applied, as an alternative to continuing to provide Scheme benefits in respect of them.

17.3 With the consent of the Inland Revenue the Scheme may be amalgamated into, or may absorb, any other scheme established for the benefit of employees of any Employer which participates or is eligible to participate in the Scheme. Such amalgamation will be on such terms as the Trustees on Actuarial Advice and with the consent of the Principal Company may agree.

17.4 The Trustees may by deed determine that any Employer (other than the Principal Company) shall become Principal Company unless Revenue Approval would thereby be prejudiced. On any such determination being effective, the Scheme will continue with the substitution of the new Employer as Principal Company and it will have all powers and responsibilities of the Principal Company under the Scheme. No such determination will take effect without the prior consent of the existing Principal Company unless or until it is the subject of a Default Event.

18. Termination

- 18.1 The Trustees may terminate the Scheme if they believe its objects have ceased or its administration has become inconvenient. They will do so as soon after the making of an order or the passing of a resolution for the winding up of the Principal Company as they determine that no Employer will become Principal Company under Rule 17.4.
- 18.2 On termination the Trustees will apply each Member's Fund in the following order (with the benefit of Actuarial Advice within each category): in paying its due proportion of all costs of termination; in paying sums due before termination (including any arising on any death before termination) arising from the relevant membership; in securing other benefits which the Scheme may provide in respect of the relevant membership; in providing or retaining for present or future increases in benefits or additional benefits (in either case, first in respect of the relevant membership and then by augmentation of any other Member's Fund(s)) without infringing Rule 10.1; and (subject to the prior consent of the Inland Revenue and any required deduction of tax under section 601 Taxes Act) in paying any balance which cannot be applied in any such way without prejudicing Revenue Approval to the Employers (excluding any which before the termination had ceased to participate in the Scheme).
- 18.3 Such benefits will (without the need for any consent) be provided as the Trustees may decide by transfers under Rule 11.1, Insurance Policies under Rule 11.2 or Rule 14.2.5, or out of the Scheme which may continue for this purpose. Any such continuation will not continue after the Principal Company has been wound up.

19. Alterations

- 19.1 The Principal Company may (during the continuance of the Scheme or in the course of its termination or while it continues under Rule 18.3) by deed with the approval of the Trustees alter or add to any provisions of this Deed or otherwise applicable to the Scheme with immediate, retrospective or future effect but so that no alteration shall (unless the amendment specifically provides otherwise) take effect if it would prejudice Revenue Approval.
- 19.2 Unless the Trustees otherwise resolve and save as provided below, all powers and discretions of the Principal Company (but not any obligation on it) will cease to be exercisable by it on the happening of any Default Event and will thereafter be exercisable by the Trustees, whether or not their consent would otherwise be required. On another Employer becoming Principal Company under Rule 17.4 such powers and discretions will re-vest in the new Principal Company. A Trustees' resolution that this Rule 19.2 shall not apply or a re-vesting in a new Principal Company will not prevent it applying on a subsequent occasion. However this Rule will not confer on the Trustees any power to determine the amount of any Employer's contributions under Rule 4.2 or (unless and until the Principal Company is dissolved) to direct the application of surplus under Rule 13.3.1.

20. Perpetuity

The Scheme will not continue beyond 80 years from the date of this Deed (which is the applicable perpetuity period) unless the Scheme is then exempt from the operation of the perpetuities rule.

21. Interpretation

21.1 This Deed will be interpreted in accordance with English law and without reference to the list of contents and headings, which are included for convenience.

21.2 For the purposes of this Deed unless the context otherwise requires the masculine includes the feminine and the singular includes the plural and (in each case) vice versa; and any natural, adopted or step child will be regarded as a lawful child.

21.3 References in this Deed to any legislation include (where appropriate) legislation which it replaces, amends or supplements and legislation for the time being in force which replaces, amends or supplements it.

21.4 In the interpretation and application of the provisions of this Deed or otherwise applicable to the Scheme, due regard shall be had to commercial usage and practice as to pension schemes of the nature of the Scheme.

IN WITNESS WHEREOF this deed has been executed by the parties hereto and is delivered by each of them on the date of this deed.

Appendix

(Rule 10)

Statement of current Inland Revenue limits

For the purpose of this Appendix the following terms shall have the meanings ascribed to them

- A. Aggregate Retirement Benefit shall mean the aggregate of
- i. the Member's pension under this Scheme and any Associated Scheme, and
 - ii. the pension equivalent of the Member's Lump Sum Retirement Benefit (which shall be calculated, in the case of a Class A Member, (both for this purpose and for the purpose of calculating total retirement benefit under paragraph 1(e) below) as one twelfth of its total cash value).
- B. Associated Employer: an employer is associated with another if one is controlled by the other, or both are controlled by a third party; control has the meaning in section 840 Taxes Act, or in the case of a close company, section 416 Taxes Act.
- C. Associated Scheme shall mean any Relevant Scheme providing benefits in respect of Service.
- D. Connected Scheme shall mean any Relevant Scheme which is connected with the Scheme in relation to the Member i.e. if
- a. there is a period during which the Member has been the employee of 2 Associated Employers;
 - b. that period counts under both schemes as a period in respect of which benefits are payable; and
 - c. the period counts under one scheme for service with one employer and under the other for service with the other employer.
- E. Final Remuneration shall mean the greater of
- a. the highest remuneration upon which tax liability has been determined for any one of the 5 years preceding the Relevant Date being the aggregate of
 - i. the basic pay for the year in question, and
 - ii. the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments provided that Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the last day of the basic pay year; remuneration that is received after the Relevant Date

and upon which tax liability has been determined will be treated as a Fluctuating Emolument (providing it was earned or qualified for prior to the Relevant Date); in these circumstances it may be included provided the yearly average of 3 or more consecutive years begins no later than the commencement of the basic pay year; or

- b. the yearly average of the total emoluments from the Employer which are assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date; where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, they may be included provided that in these circumstances the yearly average of 3 or more consecutive years begins no later than the commencement of the year ending with the Relevant Date.

Provided that -

- i. remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights etc which give rise to such an amount liable to tax under Schedule E had been acquired before 17th March 1987) or anything in respect of which tax is chargeable by virtue of section 148 Taxes Act;
- ii in relation to a Controlling Director, Final Remuneration shall be the amount ascertained in accordance with b. above and a. above shall not apply;
- iii in relation to any other Member whose remuneration in any year subsequent to 5th April 1987 used for the purpose of calculating benefits has exceeded £100,000 (or such other figure as may be prescribed by the Treasury), Final Remuneration shall not exceed the amount ascertained in accordance with b. above and a. above shall not apply, unless the Member chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);
- iv. where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date; for a Class C Member this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the Member's aggregate total benefits are similarly increased beyond the maximum amount which could have been paid but for this proviso and/or the first sentence of a.ii. above and then only to the same proportionate extent;

- v. for Class A Members Final Remuneration shall not exceed the Permitted Maximum;
- vi. for the purpose of calculating the maximum Lump Sum Retirement Benefit of a Class B Member Final Remuneration shall not in any event exceed £100,000 (or such other sum as may be prescribed by the Treasury);
- vii. in the case of a Member who remains, or is treated as remaining, in Service but by reason of Incapacity is in receipt of a much reduced remuneration (for example under a sick pay or permanent health insurance scheme) for more than 10 years up to the Relevant Date, Final Remuneration may be calculated under a. above or b. above as if the date of cessation of normal pay had been the Relevant Date and then increased in accordance with proviso. iv. above for the period up to the Relevant Date;
- viii. the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a Fluctuating Emolument;
- ix. an early retirement pension in payment from the Employer may not be included in Final Remuneration;
- x. except as in proviso. i. above, benefits in kind may be taken into account when they are assessed to income tax as emoluments under Schedule E, and will normally be regarded as Fluctuating Emoluments; if benefits are not so assessable, they may not be included as part of Final Remuneration except with the agreement of the Inland Revenue;
- xi. for the purposes of a.ii. above, where Fluctuating Emoluments have not been paid for the full 3 years they may be averaged over the period from the commencement of their payment (or the beginning of the three year period, if later) to the end of the relevant basic pay year. Where, however, any Fluctuating Emolument was payable in a single year only, it may not be included in Final Remuneration by virtue of this proviso without the agreement of the Inland Revenue.

- F. Fluctuating Emoluments shall mean any part of a Member's earnings which are not paid on a fixed basis and are additional to the basic wage or salary. They include overtime, commission, bonuses or benefits in kind as long as they are assessable to tax under Case I or II of Schedule E and profit related pay (see proviso viii. to the definition of Final Remuneration). Directors' fees may rank as Fluctuating Emoluments according to the basis on which they are voted.
- G. Index shall mean the Government's Index of Retail Prices.

- H. Lump Sum Retirement Benefit shall mean the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.
- I. Paragraph (c) Date shall mean the date of attaining age 75 in the case of a Class A Member and Normal Pension Age in the case of a Class B Member or a Class C Member.
- J. Permitted Maximum is to be construed as defined in section 590C(2) Taxes Act.
- K. Relevant Scheme shall mean any other scheme having or seeking Revenue Approval and in respect of a Class A Member who is a Controlling Director also any retirement annuity contract or trust scheme approved under Chapter III Part XIV or any personal pension scheme approved under Chapter IV Part XIV Taxes Act in so far as it provides benefits secured by contributions in respect of Service.
- L. Remuneration in relation to any year shall mean the aggregate of the total emoluments for the year in question from the Employer and which are assessable to income tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or any interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of section 148 Taxes Act. Provided that for a Class A Member there shall be disregarded any emoluments in excess of the Permitted Maximum.
- M. Retained Death Benefits shall mean any lump sum benefits payable on the Member's death from:
- i. retirement benefits schemes approved or seeking approval under Chapter I Part XIV Taxes Act or relevant statutory schemes as defined in section 611A thereof;
 - ii. funds to which section 608 Taxes Act applies;
 - iii. retirement benefits schemes which have been accepted by the Inland Revenue as "corresponding" in respect of a claim made on behalf of the Member for the purposes of section 596(2)(b) Taxes Act;
 - iv. retirement annuity contracts approved under Chapter III Part XIV Taxes Act;
 - v. personal pension schemes approved under Chapter IV Part XIV Taxes Act; or
 - vi. transfer payments from overseas schemes held in a type of arrangement defined in i., iv. or v. above;

in respect of previous employments or periods of self-employment (whether alone or in Partnership). If the Retained Death Benefits do not exceed £2,500 in total or (in the case of a Member who is not, and has not been, a Controlling Director) if the Member's earnings for the first year's employment after he joined the Scheme were not more than one quarter of the Permitted Maximum, Retained Death Benefits may be ignored.

N. Retirement in Paragraph (a) Circumstances shall mean

- i. in the case of a Class A Member, retirement at any time between attaining age 50 and attaining age 75;
- ii. in the case of a Class B Member or a Class C Member, retirement at or before Normal Pension Age;

but does not include retirement before Normal Pension Age on grounds of Incapacity.

O. Service shall mean service with the Employer or an Associated Employer or, except in relation to a Class A Member who is a Controlling Director of either employer, an employer who is associated with the Employer only by virtue of a permanent community of interest.

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to a Member or his Dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes, exceed the limits set out below.

1. The Member's Aggregate Retirement Benefit shall not exceed:

- (a) on Retirement in Paragraph (a) Circumstances, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval;
- (b) on retirement at any time before Normal Pension Age on grounds of Incapacity, the amount calculated in accordance with paragraph 1(a) above as if the Member had remained in Service until Normal Pension Age (Final Remuneration being computed as at the actual date of retirement);
- (c) on leaving Pensionable Service before the Paragraph (c) Date, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval. The amount computed may be increased by 5% for each complete year, or, if greater, in proportion to any increase in the Index which has occurred, between the date of termination of Pensionable Service and the date on which the pension begins to be payable;
- (d) on retirement of a Class B Member or a Class C Member after Normal Pension Age, a pension of the greatest of:
 - i. the amount calculated in accordance with paragraph 1(a) above on the basis that the actual date of retirement was the Member's Normal Pension Age;
 - ii. the amount which could have been provided at Normal Pension Age in accordance with paragraph 1(a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and

- iii. where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Pension Age (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Pension Age with an overall maximum of 45 reckonable years;

Final Remuneration being computed in respect of i. and iii. above as at the actual date of retirement but subject always to paragraph 6 below;

- (e) benefits for a Class A Member are further restricted to ensure that his total retirement benefit from the Scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Permitted Maximum for each year of service, subject to a maximum of 20/30ths; for the purpose of this limit, service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme provided that no period is to be counted more than once.

2. The Member's Lump Sum Retirement Benefit shall not exceed:

- (a) on Retirement in Paragraph (a) Circumstances, 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval;
- (b) on retirement at any time before Normal Pension Age on grounds of Incapacity, the amount calculated in accordance with paragraph 2(a) above as if the Member had remained in Service until Normal Pension Age (Final Remuneration being computed as at the actual date of retirement);
- (c) on leaving Pensionable Service before the Paragraph (c) Date, a lump sum of 3/80ths of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval; the amount computed may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid;
- (d) on retirement of a Class B Member or a Class C Member after Normal Pension Age, the greatest of:
 - i. the amount calculated in accordance with paragraph 2(a) above on the basis that the actual date of retirement was the Member's Normal Pension Age;
 - ii. the amount which could have been provided at Normal Pension Age in accordance with paragraph 2(a) above together with an amount representing interest thereon; and
 - iii. where the Member's total Service has exceeded 40 years, the aggregate of 3/80ths of Final Remuneration for each year of Service before Normal Pension Age (not exceeding 40 such years) and of a further 3/80ths of Final Remuneration for each year of Service after Normal Pension Age with an overall maximum of 45 reckonable years;

Final Remuneration being computed in respect of i. and iii. above as at the actual date of retirement but subject always to paragraph 6 below.

3. The lump sum benefit (exclusive of any refund of the Member's own contributions and any interest thereon) payable on the death of a Member while in Service or (having left Service with a deferred pension) before the commencement of his pension shall not, when aggregated with all like benefits under Associated Schemes, exceed the greater of:
 - (a) £5,000, and
 - (b) 4 times Final Remuneration (disregarding provisos i., ii., iii., and vi. of that definition) less Retained Death Benefits.
4. Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender or allocation of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed an amount equal to 2/3rds of the maximum Aggregate Retirement Benefit payable to the Member immediately before death under paragraph 1 above. Where the death of the Member occurs whilst in Service before Normal Pension Age the maximum is that appropriate had the Member retired on grounds of Incapacity on the date of death entitled to no retained benefits from previous employments.

If pensions are payable to more than one Dependant of the Member, the aggregate of all Dependents' pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of the maximum Aggregate Retirement Benefit described in the immediately preceding paragraph.
5. The maximum amount of a pension ascertained in accordance with this appendix (less any pension which has been commuted for a lump sum or the pension equivalent of any benefits in lump sum form and any pension surrendered to provide a Dependant's pension) may be increased by 3% for each complete year, or, if greater, in proportion to any increase in the Index, since the pension commenced.
6. If a Class B Member or a Class C Member elects to take any part of his benefits under the Scheme in advance of actual retirement the limits set out in paragraphs 1 and 2 above shall apply as if he had retired at the date of the election as aforesaid, no account being taken of subsequent Service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.
7. The preceding provisions of this appendix shall be modified in their application to a Class B Member or a Class C Member who, in either case, is a Controlling Director as follows:-
 - (a) the amount of the maximum Aggregate Retirement Benefit in paragraph 1 above and of the maximum Lump Sum Retirement Benefit in paragraph 2 above shall be reduced, where necessary for Revenue Approval, so as to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under Chapter III Part XIV Taxes Act or under personal pension schemes approved under Chapter IV Part XIV Taxes Act;

- (b) where retirement takes place after Normal Pension Age but not later than the Member's 70th birthday, paragraph 1(d)ii and iii and paragraph 2(d)ii and iii shall not apply, and if retirement is later than the attainment of that age, the said paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Pension Age, so as not to treat as Service after Normal Pension Age any Service before the Member reaches the age of 70;
 - (c) where paragraph 6 above applies to him, the rate of the actuarial increase referred to therein in relation to any period of deferment prior to his attaining the age of 70, shall not exceed the percentage increase in the Index during that period.
8. The provisions of this appendix shall apply to the Scheme subject to any relaxation which may be agreed by the Inland Revenue either generally or in any particular case.

SCHEDULE

(Rule 10.15)

Small Self-Administered Pension Scheme Restrictions

1. Subject to Rule 19.1 but otherwise notwithstanding anything to the contrary in the Scheme provisions the following paragraphs 2 to 9 shall have full effect except that they may not be construed as conferring powers on the Trustees which they do not otherwise have by virtue of this Deed.

- (1) In this Schedule the following expressions shall have the meanings ascribed to them:

- a. "Administrator" means the Trustees in their capacity as administrator of the Scheme.
- b. "Business" includes:
 - (i) a trade or profession, or
 - (ii) any activity other than investment carried on by a body of persons, whether corporate or unincorporate, or
 - (iii) any activity carried on by a holding company for a trading group.
- c. "Close company" has the meaning given by sections 414 and 415 of the Taxes Act.
- d. "Control" in relation to a body corporate (other than a close company) or Partnership shall be construed in accordance with section 840 of the Taxes Act and in relation to an unincorporated association that section shall be applied as it applies to a body corporate.

In relation to a close company "control" shall be construed in accordance with section 416 of the Taxes Act.

- e. "Ordinary annual contribution" means for the purpose of paragraph 2 the smaller of:
 - (i) the average annual amount of the contributions paid to the Scheme by the Employers in the three accounting periods preceding the date on which the ordinary annual contribution is to be ascertained or, where at that date the Scheme had been established less than 3 years, the total amount of contributions paid to the Scheme by the Employers up to the end of the last accounting period divided by the number of complete years since the Scheme was established (a part year being counted as one year where the Scheme has been established less than a year), and

- (ii) the amount of the annual contribution which has been advised by an Actuary in writing within 3 years of the date on which the ordinary annual contribution is to be ascertained, as that necessary to secure the benefits payable under the Scheme.
 - f. "Pensioneer trustee" means a Trustee of the Scheme who:
 - (i) is approved by the Board of Inland Revenue to act as such, and
 - (ii) is not connected with a Scheme Member, another Trustee or an Employer.
 - g. "Relative" means a brother, sister, ancestor or lineal descendant.
 - h. "Residential property" means property normally used, or adapted for use, as one or more dwellings.
 - i. "Scheme member" means a member of the Scheme to whom benefit is currently accruing by virtue of service as an employee.
- (2) For the purpose of this Schedule any question of whether a person is connected with another shall be determined as follows:
- a. a person is connected with an individual if that person is the individual's spouse or is a Relative or the spouse of a Relative of the individual or of the individual's spouse;
 - b. a Scheme Member is connected with an Employer if:
 - (i) the Employer is a Partnership and the Scheme Member is connected with a Partner, or
 - (ii) the Employer is a Company and the Scheme Member or any person connected with him or her is, or has been during the last 10 years, a Controlling Director of the Company;
 - c. a Company is connected with another Company if:
 - (i) the same person has Control of both, or
 - (ii) a person has Control of one and persons connected with that person have Control of the other, or
 - (iii) a person has Control of one and that person and persons connected with that person have Control over the other;
 - d. a Company is connected with another person if that person has Control of it or if that person and a person or persons connected with him or her together have Control of it;

- e. any two or more persons acting together to secure or exercise Control of a Company shall be treated in relation to that Company as connected one with another and with any person acting on the directions of any of them to secure or exercise Control of the Company.
- (3) For the purpose of this Schedule a Company is associated with an Employer if (directly or indirectly) the Employer controls that Company or that Company controls the Employer or if both are controlled by a third person.
- (4) For the purpose of this Schedule a member of the Scheme includes:
 - a. a Scheme Member,
 - b. a person in receipt of a pension from the Scheme, or
 - c. a person who has been a Scheme Member.
- 2. Provisions as to borrowing
 Any power of the Trustees to borrow shall be restricted so that, at the time of any borrowing, the Trustees shall not have borrowed and not repaid an aggregate amount including the amount of that borrowing in excess of the total of:
 - a. three times the Ordinary Annual Contribution, and
 - b. three times the annual amount of contributions paid or payable as a condition of membership by Scheme Members in the year of assessment ending immediately before the borrowing takes place, and
 - c. forty-five per cent of the market value of investments held for the purposes of the Scheme.
- 3. Provisions as to investment
 The Trustees' powers of investment shall be restricted to preclude investment either directly or indirectly in:
 - a. personal chattels other than choses in action; or
 - b. Residential Property other than that which is, or is to be, occupied:
 - (i) by an employee who is not connected with his or her Employer and who is required as a condition of employment to occupy that property; or
 - (ii) by a person other than a Scheme Member or a person connected with a Scheme Member where that person also occupies connected business premises which are also held by the Trustees as an investment of the Scheme; or
 - c. Stock or shares in a Private Company which:
 - (i) carry more than thirty per cent of the voting power in the Company, or

- (ii) entitle the holder to more than thirty per cent of any dividends declared by the Company.

For the purposes of this paragraph the Trustees are not regarded as holding a Residential Property where they hold as an investment units in a unit trust scheme:

- (i) which is an authorised unit trust scheme within the meaning of section 468(6) of the Taxes Act, or
- (ii) an exempt unit trust within the meaning of section 96 of the Capital Gains Tax Act 1979, and
- (iii) that unit trust scheme holds Residential Property as an investment.

4. The Trustees in that capacity shall not directly or indirectly lend money:

- a. to a member of the Scheme or to a person who is connected with a member of the Scheme other than an Employer or any Company associated with an Employer; or
- b. to an Employer or a Company associated with an Employer unless the loan is:
 - (i) utilised for the purpose of the borrower's Business, and
 - (ii) for a fixed term, and
 - (iii) at a commercial rate of interest, and
 - (iv) evidenced by an agreement in writing which contains all the conditions on which it is made and, in particular, the provisions specified in paragraph c. below;
- c. the provisions specified in this paragraph are that the lending shall be repaid immediately if:
 - (i) the borrower is in breach of the conditions of the agreement; or
 - (ii) the borrower ceases to carry on business; or
 - (iii) the borrower becomes insolvent within the meaning defined for the purposes of Regulation 6 of the Retirement Benefit Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991; or
 - (iv) the money is required to enable the Trustees to pay benefits which have already become due under the Scheme.

5. The amount of the aggregate of:

- a. the amount outstanding of any lending to an Employer and/or a Company associated with an Employer made in accordance with paragraph 4b. and c. above, and
- b. the market value of stock and shares in an Employer and/or a Company associated with an Employer held by the Trustees in that capacity shall not at the time of any lending under paragraph 4 or the purchase of any shares in the Employer or a company associated with an Employer exceed fifty per cent of the market value of the total assets of the Scheme. If the lending or purchase takes place within 2 years of the establishment of the Scheme the amount shall not exceed twenty five per cent of the market value of the total assets of the Scheme excluding the value of any transfer values received.

6. Provisions as to transactions with members of the Scheme

The Trustees in that capacity shall not directly or indirectly purchase, sell or lease any investment or asset from or to a member of the Scheme or a person (other than an Employer or a company associated with an Employer) connected with a member. A purchase will not be construed as being an indirect purchase from a member of the Scheme or a connected person if at the time of purchase 3 or more years have elapsed since the investment or asset was owned by the member or connected person. A sale will not be construed as an indirect sale to a member of the Scheme or a connected person if the purchase by the member or connected person takes place 3 years or more after the sale by the Trustees.

7. Provisions as to transactions with Employers and associated companies

The Trustees in that capacity shall not directly or indirectly purchase, sell or lease any investment or asset from or to an Employer or a Company associated with an Employer except in accordance with independent professional advice obtained in writing.

8. Provisions as to Pensioner Trustees

One of the Trustees shall be a Pensioner Trustee and should that Trustee cease to be a Trustee or cease to be qualified to act as a Pensioner Trustee the remaining Trustee or Trustees shall within 30 days notify the Board of Inland Revenue in writing and within 60 days appoint a successor who is a Pensioner Trustee. The Trustees shall within 30 days of the appointment of the successor notify the Board of Inland Revenue in writing of the name of the successor.

9. Provision of information to Inland Revenue

- (1) Within 90 days of any transaction by the Trustees such as is specified in subparagraph (2) below the Administrator will furnish the Board of Inland Revenue with such information and documents as the Board requires.
- 2) The transactions specified are:
 - a. the acquisition or disposal of land (including buildings or other structures):
 - b. the lending of money to an Employer or a Company associated with an Employer;

- c. the acquisition or disposal of shares in an Employer or a Company associated with an Employer;
- d. the acquisition or disposal of shares in a Private Company;
- e. the borrowing of money; or
- f. the purchase, sale or lease from or to an Employer or a Company associated with an Employer of any investment or asset.

SIGNED AND DELIVERED AS A DEED

by Prime Services Ltd
acting by two Directors:

[Signature] Director

[Signature] Director

SIGNED AND DELIVERED

by the said Mr Doreen John Clarke
in the presence of:

Name: Ken Anglister
Address: Neasgate Hse Plc
201 Silbury Boulevard Milton Keynes MK9 1LZ.
Occupation: Senior Financial Consultant

SIGNED AND DELIVERED

by the said Mrs Susan Hazel Clarke
in the presence of:

Name: [Signature]
Address: Neasgate Hse Plc
201 Silbury Boulevard Milton Keynes MK9 1LZ.
Occupation: Senior Financial Consultant

SIGNED AND DELIVERED

by the said
in the presence of:

Name:

Address:

Occupation:

THE COMMON SEAL of

MH TRUSTEES LIMITED

as hereunto affixed in the presence of::

[Signature] Director
[Signature] Director

THE COMMON SEAL of

BARNETT WADDINGHAM TRUSTEES LIMITED

as hereunto affixed in the presence of:

[Signature] Director
[Signature] Director

Contents

1.	Trust	1
2.	Definitions	1
3.	Membership	5
4.	Contributions	5
5.	Members' Pensions	5
6.	Retirement Options	5
7.	Lump Sum Death Benefits	6
8.	Dependants' pensions	6
9.	Early Leavers	7
10.	Inland Revenue Limits	7
11.	Transfers	10
12.	Benefits - Supplementary Provisions	11
13.	Excess Member's Funds	12
14.	Assets	13
15.	Trustees	16
16.	Information	18
17.	Employers	18
18.	Termination	19
19.	Alterations	19
20.	Perpetuity	20
21.	Interpretation	20
	Statement of current Inland Revenue limits	21
	Small Self-Administered Pension Scheme Restrictions	29
	Contents	36