

Report to the Trustees
on the takeover of
Singleton Engineering Pension Scheme

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1. Introduction

Following your appointment of Pension Practitioner .Com to provide administration services to the Trustees, we have prepared a report notifying the changes that have been made. This report also provides information on:

- The registration of the scheme for pension schemes on-line with HMRC
- The re-registration of investments following the removal of NAMULAS
- A review of the current rules governing the scheme
- The next scheme review

Our takeover service ensures that:

- All investments are registered in the names of the member trustees
- To allow the trustees to view on-line information regarding their scheme and the work we carry out on your behalf
- To ensure that the administration process is simplified
- To provide value for money to the Trustees
- To ensure that the rules of the scheme reflect current pension law and give the trustees sufficient powers to ensure that the scheme is kept tax efficient.

2. Pension Schemes On-line

We have been advised that the scheme registered administrators are each of the named Trustees. We recommend that this is changed to Singleton Engineering Limited, who will delegate the responsibilities for the administration to Pension Practitioner .Com.

The reason aside from a practical corresponding matter is that as the administrators, each person is personally liable to any fines or taxes that may arise on the scheme, it also creates practical difficulties under the new regime.

Appendix 6.1 – The enclosed Deed of Appointment removes the current named administrators and appoints the Company as the registered Administrator; in this deed those powers are delegated to Pension Practitioner .Com Limited. The power to appoint and remove the administrator and Practitioner is vested in the Trustees & Company.

The Trustees can access at any stage HMRC pension schemes on-line through their administrator ID number and pass code.

Pension Practitioner .Com Limited will undertake all reporting and return functions to HM Revenue & Customs, including the returns to the year ending 5th April 2008. Given that HMRC are likely to widen the requirement for pension scheme accounts to be audited, if scheme year end dates are not to the scheme tax year end we recommend that interim accounts are prepared to 5th April 2008.

Appendix 6.2 - In order that we commence the filing of returns please have one of the trustees sign the attached appointment of Practitioner form and return this to us so that we may undertake Pension Scheme on-line returns.

In accordance with their requirements we have notified the Scheme changes to the Pensions Regulator.

3. Investments

Bank & Loan Accounts:

Lloyds TSB 37 Market Place, Crewkerne, TA18 7LR; NatWest 2 Market Street, Crewkerne, TA18 7JZ

We have been advised that the signatories on the account are nominated Trustees and as such NAMULAS are no longer a signatory, nor party to the accounts. No changes to the banking arrangements are required.

Appendix 6.3 - In order that we cease copy statement to NAMULAS, signatories of the accounts are required to sign the attached authority letter to effect this amendment.

Insurance:

Windsor Life Managed Insured Fund.

We have been advised that NAMULAS are not party to this investment and as such no changes are required to the policy.

Property:

The property held by the scheme consists of:

1. 129a South Street, Crewkerne, let to Dr Osborne as a surgery and office purchased from Evans & Pearce approx 1993. Part of title no ST85690.
2. Workshops and Premises, let to Singleton Engineering (UK) Limited, off South Street and the top of Blacknell Lane, Crewkerne, purchased from Evans & Pearce approx 1993 and 1995, 2 transactions. Part of title no ST85690.
3. Land behind Singleton Engineering (UK) Limited, off Blacknell Lane, Crewkerne, formerly a gas holder site, purchased from Transco approx 2000. Title no WS5411.
4. Part of the former Eden Industries Building i.e. approx 2/3 of the building and premises, situated at the bottom end of Blacknell Lane, Crewkerne, purchased from the Eden Group (UK) Limited approx March 2003. Title no WS1201.
5. Units comprising Workshops and Premises situated at the top of Blacknell Lane, Crewkerne, let to Sleabridge Limited and Singleton Engineering (UK) Limited, purchased from J & B Gibbs & Sons Limited in September 2007. Title no ST77860.

According to the searches undertaken at HM Land Registry, NAMULAS are not party to the title deeds and as such no changes to the title register are required. We understand that the invoicing in respect of rental receipts will continue to be undertaken through Singleton Engineering, should the Trustees require us to fulfil this and any other banking activities we will be pleased to assist.

4. Scheme Rules

We have comprehensively reviewed the rules applying to the scheme and recommend that they are updated to meet the full provisions of “pension simplification”. We have highlighted the limitations of the current rules below:

Allocation of contributions – Contributions presently paid by the Company are applied to each member’s account. The current rules allow for the allocation of contributions to be non earmarked. We recommend that this power remains, however we also recommend that the trustees have the flexibility to create additional accounts for each scheme member, this will allow greater flexibility in retirement planning and may give flexibility with IHT planning in light of the changes that have arisen in the Finance Act 2008.

Alternative application of the member’s retirement funds - The Trustees must provide the option for a cash lump sum benefit on retirement and retirement income. Lump sum and income benefits may continue to a surviving spouse. Given the recent rules regarding death benefits, it may be desirable to give the trustees the power to apply the payment of benefits, in addition to that above, that on death a payment made out of the scheme be treated as an unauthorised payment.

We recommend that a general fund is created within the scheme – this will give the trustees additional powers to:

- Increase another member’s fund on a discretionary basis, without having to increase all other members’ funds.
- Provide new and additional benefits out of the resources of the scheme for a member.
- Meet any costs or expenses of the scheme, if Singleton Engineering Limited is not willing/able to provide for those expenses at some future date.
- It will also provide for additional tax planning opportunities that have arisen as a consequence of the Finance Act 2008.

Appendix 6.3 Please find attached an updated model scheme rules to implement these provisions, which retains the key provisions of the current rules governing the scheme.

5. Review Date

Following the anniversary date we will provide a report via your Financial Advisor to the Trustees regarding the scheme. This information will contain the following:

- Information on proposed legislative changes to pensions which may have an effect on the scheme.
- A valuation of assets and projected retirement figures for the members, in the form of a statutory money purchase illustration.
- Details of any events that have been notified to HMRC and the Pension Regulator
- Where held, Minutes of the last trustees meeting
- Provision of any documentation required for signature by the Trustees for the forthcoming year

Appendix 6.5 - We attach our invoice in respect of the takeover of the scheme and for the provision of pension scheme services for the period of 12 months, which is affixed to our terms of business. A signatory of the Company should sign this authority and return it to us with settlement of the scheme invoice.