Annual Report to the

Trustees of

Singleton Engineering (UK) Ltd Pension Plan

Prepared by:

Pension practitioner.com

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1. Introduction

We are pleased to enclose our annual report to the Trustees following completion of your tax return.

This report provides a copy of our tax submissions to HM Revenue & Customs on your behalf, together with our comments where relevant. Please take the time to review this and advise us of anything that you are not in agreement with.

In addition to this, we have also prepared the following for you:

- Inflation report and outlook for 2014. The purpose of the inflation report is to help your investment decisions, having regard to the likely direction of inflation over the next 12 months.
- Economic and markets report. This summarises in what markets returns are being made, and the likely return on certain asset classes, such as property and equities for the next 12 months.
- An update recent news in the pensions industry. The pensions industry is constantly changing and we have summarised the key issues and how you may be affected.
- Benefit Statement. This gives the value of your pension at the year end plus the estimated pension income and lump sum for when you retire.
- Copy of most recent newsletter. In case you have not received our most recent newsletter, we attach our latest with our compliments.

Finally, thank you for choosing us to act as the Practitioner for your pension scheme. Our role is to ensure that the tax privileges for your pension scheme are maintained. In addition, we seek to add value by providing you with information so that in conjunction with you investment advisor you maximise the growth of your pension fund, in a tax efficient way for you and your business.

2. Pension Scheme Return

There were no event report or audit enquiries made by HMRC during the tax period.

Total amount of the pension contributions received	£0
Total amount of transfer-in payments	£0
Total amount of transfer-out payments	£0
Total amount paid out in lump sums and lump sum death benefits	£0
Total amount paid out to purchase lifetime annuities and scheme pensions from an insurance company	£0
Total amount borrowed	£0
Other repayment of sums borrowed, scheme Expenditure, pensions and other movements	£110414

At any time during the period from 06/04/2012 to 05/04/2013 did the scheme either directly or indirectly own assets that it had acquired from either:

a. a sponsoring employer or any person connected with that employer?

or

b. a person who was a director of or a person connected to a director of a close company that was also a sponsoring employer?

or

c. a person who was either a sole owner or partner or a person connected with the sole owner or partner of a business which was a sponsoring employer?

or

d. a member or person connected with a member? No

Total amount of all cash and bank balances at the beginning of the period	£294218
Total amount of all cash and bank balances at the end of the period	£374668
Total amount of interest credited to these accounts	£4124
Total cost or market value of any assets owned at the end of the period	£2195000
Specify whether this amount is	Market value
Total amount of income from assets received	£212075

3. Inflation Report 2013 and 2014 Outlook

It is important to consider the effects of inflation on pension funds to ascertain any real growth in a pension scheme. Simply put, if your pension fund return over the tax year exceeds that of inflation your fund has grown in real terms and has maintained purchasing power.

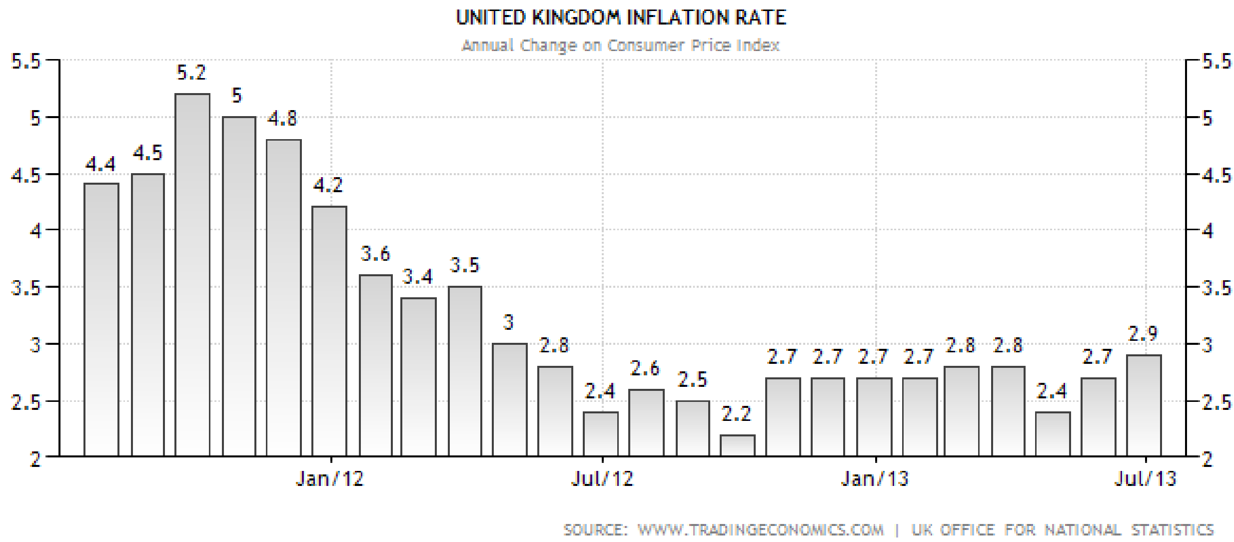
CPI and RPI measure change in the prices charged for goods and services bought for consumption in the UK. Prices are recorded monthly for a typical selection of products (referred to as the 'basket of goods'), using a large sample of shops and other outlets.

In the March Budget for 2013, the Monetary Policy Committee (MPC) was given a new remit. That reaffirms the MPC's primary objective of a target for CPI inflation of 2%.

CPI inflation was 2.8% in March, and has remained above the 2% target for most of the past five years, pushed up by VAT, energy and import prices. But over the same period, the GDP deflator – a measure of domestic price pressures in the whole economy – has risen at a lower rate of very close to 2% a year.

Increases in university tuition fees and domestic energy bills, largely resulting from administrative decisions rather than market forces, have added to CPI inflation recently. These and other administered and regulated prices contributed around one percentage point to inflation at the end of last year, more than double the historical average. They are likely to push up on inflation over much of the forecast period, making the challenge of bringing CPI inflation back to 2% more difficult, even if other domestic price pressures are contained.

Inflation is likely to remain above the 2% target for some time as the contribution from administered and regulated prices persists over the next two to three years. Nevertheless, despite that persistence, weak private sector wage growth and fading external price pressures, together with anchored medium-term inflation expectations, mean that inflation should gradually fall back towards, and perhaps below, the target over the forecast period.



Short and long term forecast

Inflation is more likely than not to remain above 2% for much of the next two years. This further sustained period of above-target inflation largely reflects the impact of the depreciation of sterling earlier this year and the judgment that the unusually large contribution from administered and regulated prices will persist.

Despite that, inflation is likely to fall back to around the 2% target by 2015. A gradual revival in productivity growth, combined with persistent spare capacity, should dampen domestic cost pressures sufficiently to offset the sustained elevated contribution from administered and regulated prices.

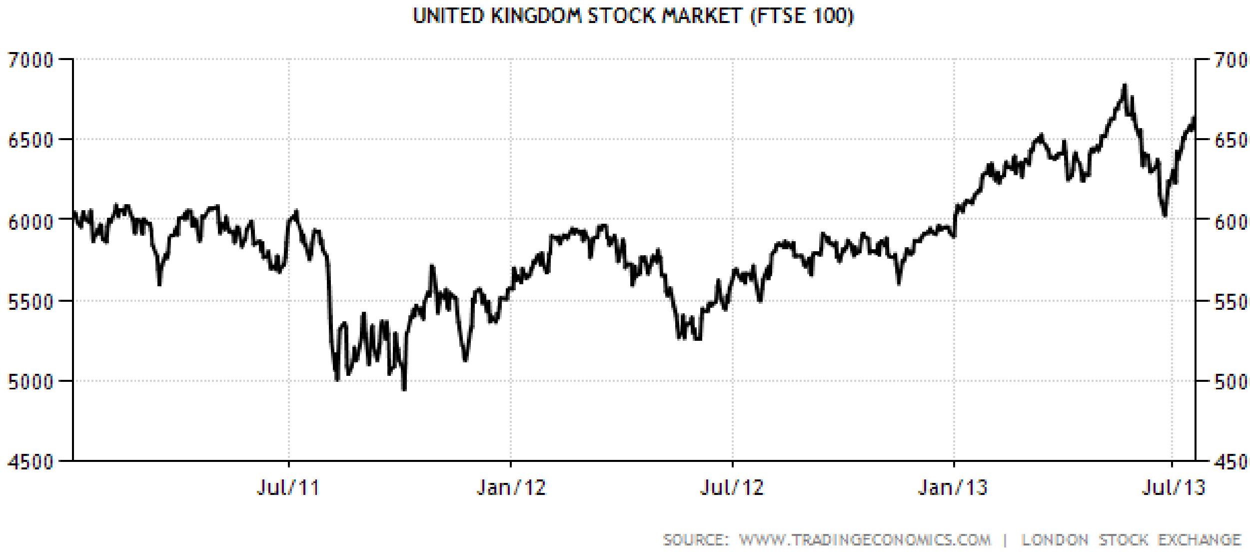
There are a number of other sources of uncertainty affecting the outlook for inflation. As ever, inflation may be buffeted by movements in the exchange rate and commodity prices, both of which are prone to move sharply. It is unclear for how long inflation can remain above the target before it affects public perceptions of the MPC's determination to keep inflation close to the 2% target, with potential implications for wages and prices. The path of inflation will also depend upon the extent to which companies' profit margins are restored through higher prices, rather than through slower cost growth.

In summary, inflation is more likely to be above than below the 2% target for much of the next two years, to around 2.5% - 3%. If you therefore hold cash deposit at this time, interest rates remain very poor but there are some 3 year deals around offering 3% and we will feature in autumn newsletter a table of the latest rates.

4. Share performance and economic outlook

This outlook is completely independent in its focus and should not in isolation be the basis in which to make a financial decision. Please refer to Graham Williams for further advice before making any investment decision, as we are not regulated to provide financial advice.

Stock Market Performance in 2012-2013



Historically, from 1984 until 2013, the United Kingdom Stock Market (FTSE 100) averaged 4067 Index points reaching an all-time high of 6930 Index points in December of 1999 and a record low of 987 Index points in July of 1984. The FTSE 100 Index is a major stock market index which tracks the performance of 100 most capitalised companies traded on the London Stock Exchange. FTSE 100 companies represent about 80 percent of the entire market capitalization of the London Stock Exchange. It is a free-float index. The FTSE 100 has a base value of 1000 as of January 3, 1984.

Goldman Sachs predicts an end of year target for the index of 7100. Analysts at Citigroup have also suggested a forecast of 7000, but despite this optimism, Europe and the prospect of default in the bond markets continues to haunt the rise of equities in 2013.

Economic Outlook-material sourced from publications issued by the Bank of England.

In the United Kingdom, the economic recovery remains weak and uneven. Domestic demand increased moderately during 2012, but this was largely offset by a pronounced fall in exports. Employment continued to grow strongly. The weakness of productivity suggests that the financial crisis may still be weighing on the current effective supply capacity of the economy as well as on demand.

The MPC judges that the growth of both demand and effective supply are likely to pick up gradually over the next year or so, supported by past asset purchases, an easing in credit conditions aided by the Funding for Lending Scheme, and a continuing improvement in the global environment. But the legacy of adjustment and repair left by the financial crisis means that the recovery is likely to remain weak by historical standards.

The main risks to the recovery continue to emanate from abroad. Although financial tensions have abated since last summer, there remains a risk that the required adjustments to indebtedness and competitiveness within the euro area occur in a disorderly manner. Although the Committee's exclude the more extreme outcomes, they embody the assumption that those adjustments will nevertheless be associated with a prolonged period of weak growth and heightened uncertainty.

The pace and durability of the UK recovery will also depend upon: the extent to which the legacy of the financial crisis continues to weigh on household and company spending; the degree to which productivity and expectations of future output pick up alongside demand; the impact of the fiscal consolidation; and whether credit conditions ease further and prompt higher lending to the real economy. An improvement in banks' capital positions on the back of the FPC's recommendation should help to support lending growth.

Taking those risks into account, the Committee's best collective judgement is that the economy is likely to see a modest and sustained recovery over the next three years.

5. Latest News

Pension liberation

Sadly, the present economic climate is also proving rich pickings for fraudsters who prey on those facing financial difficulties. The problem of pension liberation fraud is now widespread and we are one of the firms seeking to prevent this abuse.

The Pensions Regulator cannot tackle this issue without the help of others, however, there is now a cross-Government task force looking at this issue, called 'Project Bloom'. This involves, amongst others, the new National Crime Agency, the Serious Fraud Office, the Serious and Organised Crime Agency, the Financial Conduct Authority, HM Revenue and Customs, City of London Police and the Pensions Advisory Service. The Pensions Minister has also been very vocal on this issue and the Government and criminal justice agencies are taking this very seriously to bring people before the courts for fraud and theft. It is vital to protect vulnerable members from losing their pension pots and to stop activities that could undermine confidence in the pension system.

There are now calls for legislation to be tightened and for the regulator to publish lists of alleged liberation schemes under investigation, but there is no simple answer or single quick fix.

The regulator cannot itself make law - and cannot single-handedly make fundamental changes to the system of regulation. TPR and other agencies are joining -up, as decisive as possible, to try and limit the risks of new forms of pensions scam emerging. They will be taking forward these issues with the Government and Project Bloom partners, and with the industry to try to eradicate pension fraudsters.

Pension liberation fraud - High Court proceedings

The High Court hearing into the legal status of nine suspected liberation schemes has been adjourned until autumn, The Pensions Regulator (TPR) has confirmed.

Dalriada Trustees and Pi Consulting are seeking a ruling on whether the schemes in question are occupational pension schemes, having been appointed independent trustees of the schemes by The Pensions Regulator.

The outcome of the ruling will determine the legality of transfers into such schemes and the action that can be taken against them subsequently. This will affect the industry as a whole in addition to the thousands who have transferred into pension liberation schemes, where the individuals have often no financial connection with the employer operating the scheme.

New Code of Conduct for SSAS

The Pensions Regulator is concerned with the regulation of self administered schemes and has issued guidance in connection with the regulation of SSAS and occupational schemes generally. We welcome that revised code of conduct.

It is aimed at assisting trustees who wish their scheme to meet the quality standards that form the basis of a SSAS and sets out what the regulator considers that trustees should do to meet those standards. Details of those codes are being finalised and we will issue a special newsletter informing you of the changes and when they will come into effect (we expect this autumn).

A million more workers saving for their retirement

The Pensions Regulator has confirmed that the millionth worker has been automatically enrolled into a workplace pension.

Automatic enrolment was introduced in October last year to ensure workers have access to an occupational pension.

The largest firms in the UK have already started enrolling their workers into pension saving, medium-sized firms are starting now, and the smaller businesses will follow in the years to 2018.

If you need guidance on auto-enrolment please let us know.

Key information on automatic enrolment

Starting with the largest firms in October 2012, employers will now be required by law to pay into a workplace pension for those workers who are automatically enrolled and who do not opt out.

Employers will automatically enrol workers into a workplace pension who:

- are not already in a qualifying pension scheme
- are aged 22 or over
- are under State Pension age
- earn more than £9,440 a year (in 2013/14 terms and this figure is reviewed every year), and work or usually work in the UK.

The minimum contribution rates that an employer must pay into their worker's pension scheme are being introduced gradually. This is known as 'phasing'. The minimum contributions are currently a total contribution of 2% with at least 1% employer contribution. This builds to a minimum contribution of 8% by Oct 2018 (with a minimum employer contribution of 3%), but many employers and individuals will choose to contribute more.

The Pensions Regulator is responsible for supporting employers in meeting their automatic enrolment duties. They provide information and tools to guide employers through the process.

6. Benefits Statement

Singleton Engineering (UK) Ltd Pension Plan
Member Benefit Statement

Mr David Singleton

This is a retirement illustration forecast to a notional retirement age of 65.

The value of your fund as at 05 April 2013 is **£501,415.**

If you continue working until your retirement age your fund value will be **£886,045.**

This will produce a tax free cash of £221,511 and a pension income of £39,554 p.a.

Notes:

This benefit statement is for illustrative purposes only and is not guaranteed.

1. **It has been assumed that:**

   Investments increase by 5% p.a. until retirement.
   Expenses before retirement are 1% of the value of the scheme.
   The pension is on a single life basis, non-increasing, payable monthly in advance.

2. The figures are stated in today's terms, this means that inflation is compounded annually at 2.5%. The income has been discounted back allowing for this inflation rate.

3. Values have been calculated based on the fund splits provided to us on the pension scheme questionnaire.

Should you require a more detailed calculation specific to your requirements, including a targeted benefits statement for retirement at a future date please contact Pension Practitioner .Com.

Singleton Engineering (UK) Ltd Pension Plan
Member Benefit Statement

Mr Duncan Singleton

This is a retirement illustration forecast to a notional retirement age of 65.

The value of your fund as at 05 April 2013 is **£529,910**.

If you continue working until your retirement age your fund value will be **£971,651**.

This will produce a tax free cash of **£242,913** and a pension income of **£43,376** p.a.

Notes:

This benefit statement is for illustrative purposes only and is not guaranteed.

1. **It has been assumed that:**

   Investments increase by 5% p.a. until retirement.
   Expenses before retirement are 1% of the value of the scheme.
   The pension is on a single life basis, non-increasing, payable monthly in advance.

2. The figures are stated in today's terms, this means that inflation is compounded annually at 2.5%. The income has been discounted back allowing for this inflation rate.

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Singleton Engineering (UK) Ltd Pension Plan
Member Benefit Statement

Mr Peter Singleton

This is a retirement illustration forecast to a notional retirement age of 65.

Where you have reached age 65 we have assumed that you will remain in service for further 3 years.

The value of your fund as at 05 April 2013 is **£822,295.**

If you continue working until your retirement age your fund value will be **£923,352.**

This will produce a tax free cash of £230,838 and a pension income of £47,170 p.a.

Notes:

This benefit statement is for illustrative purposes only and is not guaranteed.

1. **It has been assumed that:**
   Investments increase by 5% p.a. until retirement.
   Expenses before retirement are 1% of the value of the scheme.
   The pension is on a single life basis, non-increasing, payable monthly in advance.

2. The figures are stated in today's terms, this means that inflation is compounded annually at 2.5%. The income has been discounted back allowing for this inflation rate.

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