

Mattioli Woods

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18 April 2008

STRICTLY PRIVATE - ADDRESSEE ONLY

Mr C Taylor
SBS Business Systems Ltd
Prospect House, Prospect Business Park
Longford Road
Cannock
WS11 3LG

Dear Colin

STAFFORDSHIRE BUSINESS SYSTEMS EXECUTIVE PENSION SCHEME – MEETING

With reference to our recent meeting, as promised I am writing to detail the points we discussed and the action to be taken.

Current position

As per the valuation I left with you, the scheme currently stands as follows:

Asset	£
SBS shares	6,800
Prospect House	450,000
Outstanding invoice – Espace	130
Outstanding invoice – Commtexx	475
Outstanding invoice – work in progress	38
Electricity	640
Lloyds TSB – notice	242
Norwich Union	25,073
MW Eastern European Bond	10,000
NewcastleNet	4,498
Royal Bank of Scotland current account	0
Lloyds TSB current account	52,145
TOTAL	550,041

Tax-free cash

Sarah has sent you a cheque in the sum of £50,000 in respect of your payment of tax-free cash. As discussed, based on the scheme's current value, your total tax-free cash amount would stand at £137,500 and therefore this payment of tax-free cash represents circa 36% of your overall tax-free cash entitlement.

MATTIOLI WOODS plc

Registered in England Number 3140521 Authorised and Regulated by the Financial Services Authority

Pension

As discussed, you wish to draw the maximum annual pension based on the current amount of fund crystallised of £9,900 per annum. As discussed, you would like to draw this on a monthly basis and as such SBS Business Systems Ltd will account for tax. Therefore, I enclose a standing order mandate for you to complete and sign where indicated before returning to facilitate the monthly gross payment of £825. As your pension year has been fixed as 28 February to 27 February you have already missed two monthly pension payments, therefore the first payment will incorporate three months' pension.

Please note that you may reduce or stop the pension payment at any point.

Stockbrokers

I enclose details regarding the charges for Redmayne Bentley's share dealing service. Please advise how you would like to proceed either with an online broker or Redmayne Bentley and we will arrange to establish the appropriate account.

Norwich Union protected rights

As noted, these should be able to be transferred into the scheme from October 2008 on the basis that rules change.

Norwich Union encashment

We have forwarded the letter of authority to encash the scheme's Norwich Union with-profits plan and should receive the proceeds in the next 10 to 14 days.

Wendy's pension arrangement

As and when protected rights are able to come across into the SSAS, you would like to transfer across Wendy's policy. At this point we would simply need to introduce Wendy as a member of the scheme.

Liquidity

Your intention is to use £20,000 of the scheme's liquidity to invest, which you will manage yourself and retain circa £10,000 as a float.

Scheme administration

We discussed the scheme's ongoing administration and to reduce costs and ensure that the scheme administration is efficiently undertaken, I enclose a summary sheet detailing the information that we require to maintain records and the times at which this information is required.

The net result of this is that we will reduce the amount of time we are spending on the scheme thus reducing costs, whilst at the same time ensuring that the scheme records are correctly maintained and the scheme is correctly managed.