

PRIVATE & CONFIDENTIAL

Mr Nigel Hill
Osborne House
Cliffe Road
Shepley
Huddersfield
HD8 8AG

28 April 2011

Dear Nigel,

Deed of Amendment and Scheme Changes

I refer to our recent meetings and discussions regarding the changes to the pension scheme and confirm the following:

Firstly, the scheme is presently operated as a four person trust with the fund notionally earmarked between you and Janet. The value of the funds accrued will exceed the fixed protection amount of £1.8 million per member and we must put in rules to ensure that:

You are protected by £1.8 million each from 5 April 2012.

A pot can be created which will be ring fenced from the protected part of the trust.

Multiple pots (accounts) can be created with the trust on non- allocated basis.

Our pension solicitors have provided me with a model set of scheme rules which I have adopted and amended to ensure that it operates as we intend having regard to the above points and it does not conflict with any aspect of the current rules. It also brings the rules up to date reflecting the removal of alternative secured and unsecured pension.

There are some further points you need to consider in light of recent guidance from HMRC.

- No new contributions can be paid to the scheme from the Company for your favour or for Janet under revised proposals. Therefore any payments from the Company must be paid to a non allocated account within the trust and cannot be allocated to you or Janet following 5 April 2012. There may be a challenge for corporation tax deduction on any contributions paid after 5th April 2012 as your sons have no connected or employment links with the business at this time.

- You will not be able to open a new pension arrangement, unless it is only to receive a transfer of rights from an existing pension arrangement.
- Where excess pension rights exists in the scheme, then those rights if allocated to you as an excess sum and paid out as a cash lump sum will be subject to a tax charge of 55%, or 25% as pension income. The payment of excess pension rights does not trigger a loss of fixed protection at this time.

I have drafted a trustees resolution to allow the assets of the scheme to be allocated as per your instruction, I have not been advised whether the growth above the £1.8 million will be protected but we have been advised that some measure of protection will be given. It remains unclear until later this year on the extent of that protection.

With regard to the costs for this, I have divided this between the cost of the model rules which has been charged to us at £1000 and my own work on this of £1500 which I have charged at one and a half days' time chargeable work given that you are a long standing client. I trust that you will find this agreeable.

Should you wish to implement the changes to the scheme, you will need to each sign and witness the enclosed deed as trustees and directors of the Company. Please return this to me on completion in order that I can conclude formalities with HMRC and the Regulator.

Kind regards

Yours sincerely

Gavin McCloskey

For Pension Practitioner .Com

Enc