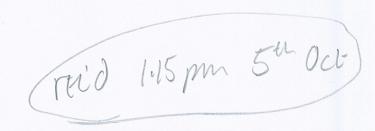


Private & Confidential Mr M K White 2A Merrow Business Centre Guildford Surrey GU4 7WA



**Telephone number** 0117 989 5141 **Reference** CGX/9519271 **Please reply to** Phil Bishop

1 October 2010

Dear Mr White

The White Pension Fund

We have received confirmation from Barclays Bank that they have received a payment from you of £20,849.67 on 31 August 2010 to settle the balance of the outstanding borrowing that AXA has with Barclays Bank in connection with The White Pension Fund.

The borrowing was arranged on behalf of a registered pension scheme and consequently HMRC legislation governing pension schemes must be complied with, otherwise tax charges can apply. To enable us to review the position we need information from you regarding the payment made to Barclays Bank.

If the payment is a pension contribution to the Fund, HMRC legislation determines the maximum amount that can be paid. The maximum amount for which you can claim tax relief, is currently the lower of £255,000 and 100% of your earnings on which UK tax may have to be paid during the tax year in which the contribution is made.

## Earnings include:

- Salary or wages from your employment;
- The value of other benefits from your employment on which you have paid tax;
- Income from a trade or profession which is chargeable under Schedule D;

A contribution of up to £3,600 can be made regardless of the level of your earnings.

Any contribution received in excess of the maximum permitted by HMRC must either be refunded by the registered pension scheme or a tax charge will be incurred.

To enable us to confirm the position regarding the payment, please let us know how much, if any, of the payment was made as an employer contribution and how much, if any, was a personal contribution . If



this included a personal contribution please also provide an estimate of your total earnings for the current tax year.

If a personal contribution has been made, this should have been paid net of basic rate tax and to AXA as the pension scheme administrator of the Fund.

We are required by HMRC to make the following statement:

By providing us with the above information you will be authorising AXA to apply to HMRC for immediate basic rate income tax relief on any employee contribution. Please remember that it is a serious offence to make false statements and that the penalties for this are severe and could lead to prosecution.

Alternatively, it is possible that you intend all or part of the payment to Barclays Bank to be (replacement) borrowing for your Fund. Whilst this is not something that we would normally agreed to (ie we normally only enter into borrowing with a registered UK financial institution) I can confirm that under HMRC legislation this is allowed. However, any borrowing from a connected party which is not made on commercial terms will be subject to a tax charge.

For us to consider this option further, as a temporary measure until your benefits are transferred to another provider, I will need you to confirm:

- the amount of the borrowing,
- which party is granting the borrowing,
- whether the borrowing is to be secured (against the property asset or total Fund assets) or unsecured, and
- the terms on which you intend the borrowing being made. Please let us have a copy of the borrowing agreement you intend to use for this purpose.

We will then review the above and, as long as we are happy to proceed, we will appoint solicitors to act for the Fund and approve the documentation. This is likely to involve significant costs. Please note all such costs incurred in this matter will be charged to your Fund.

I look forward to hearing from you within the next 7 days on the telephone number provided otherwise we will consider instructing Barclays Bank to refund the money and reinstate the loan.

Yours sincerely

Phil Bishop | V W V SCE Relationship Manag