

KAYSTED LTD

18.2.14

For the attention of Gavin Delosky.

5 sheets please.

John Steadman

Peter Stedman

From: Bob Dudley [Bob@abbottfielding.co.uk]
Sent: 31 May 2013 10:57
To: Peter Stedman
Subject: RE: Emailing: Letter from HMRC Pensions.pdf
Attachments: LSL - MD.pdf

Peter,

Attached - Mortgage Summary from Co's House on pre Appt.

This clearly shows RBSIF charge Satisfied (MG02) 10/12/09. Therefore the Pension Fund charge was the only valid charge when the £100k loan was made, (apart from the Rent Deposit - which is a specific charge over that money).

The fact is, there is no such thing as a "Fixed Charge over book debts", following the decision in Leyland DAF.

As discussed, the Factoring/Invoice Finance Co's operate their agreements under Deeds of Trust, (Some Co's used to register these as charges, supported by a normal debenture). Effectively, the book debts are "sold" to them. If there is a surplus, they will re-assign the debts back to the Company, if there is a shortfall they can claim under the floating charge.

It is by virtue of this, that Aldermore would have priority in respect of the book debts, but as you know there was no shortfall and therefore they have no claim in the Liquidation. If there was, their claim would be as second floating chargeholder behind the pension scheme.

Regards.

Bob Dudley
Assistant Manager

:abbott:fielding:
Abbott Fielding Limited
142/148 Main Road : Sidcup : Kent : DA14 6NZ

Tel: 020 8302 4344
Fax: 020 8309 9178
www.abbottfielding.co.uk

Abbott Fielding Limited registered in England No: 05588036 REGISTERED Office: Lynwood House, Crofton Road, Orpington, BR6 8QF

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& Customs**

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**HM Revenue & Customs
Pension Schemes Services**
PO Box 175
Bootle
L30 4TX

Carpenter Box LLP
Amelia House
Crescent Road
Worthing
BN11 1QR

Tel 03000 564 093
Monday to Friday 9.00 to 17.00

Fax 0151 471 2527

www.hmrc.gov.uk

Date 23 December 2013
Our Ref CFS499615
Your Ref L135H/RWD/491389

Dear Sirs

**Loft Shop Limited Director's Pension Scheme – PSTR 00428451RM
(Kaysted Directors Pension Scheme)**

I thank you for your letter dated 15 November 2013 and regret the delay in replying.

I note the point you make about what the trustees **would** have received in assessing whether there was adequate cover and would comment that I would like to have more definite information. Can you confirm that they did receive it and provide copies of any correspondence, valuation reports and advice received in respect of this? If none exists, can you confirm this for me?

If none exists can you confirm that the assertion that there was adequate cover has been given retrospectively and as a result of my enquiries?

You will appreciate that I am required to consider what the liquidator has actually said and not what he/she should have said and what has actually happened and this being the case can you please provide the following:

- A copy of the final report when available.
- Copies of any correspondence (including notes of phone calls) between Mr Stedman and the liquidator.
- An explanation of how and why Aldermore became involved in the company's affairs and when the process of debt collection by them started and finished.
- A copy of the Factoring Agreement (mentioned in the fourth paragraph of your letter).

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001

Please quote the case reference CFS499615 and any other references shown above. If you write you need to use the address shown above and if you send documents you must tell us if you want them returned.

Yours faithfully


Vince Walsh

Interventions Officer

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001

Mr V Walsh
HM Revenue and Customs
Pension Schemes Services
PO Box 175
Bootle
L30 4TX

Our Ref: L135H/RWD/527111

Your Ref: CFS499615

6 November 2013

Dear Sir

Kaysted Directors' Pension Scheme – PSTR 00428451RM

Thank you for your letter of 6 August 2013 and please accept our apologies for the delay in replying.

Please find enclosed a set of company accounts for the year ended 31 December 2009 which the trustees would have received in draft/management accounts format and would have utilised these to assess whether adequate cover was in place for the loan. As you can see the company had significant assets in the form of £65,534 in fixed assets, £329,494 of stock and £452,721 of debtors, being offset by the only secured creditor of the bank overdraft amounting to £119,813, albeit that these were recorded on the basis that the company was a going concern and did not provide for any limitations to the values thereof should this basis prove inappropriate. If one were to ignore trade debtors and offset the secured (at that time only of course) creditor this results in assets amounting to some £275,000 which are stated before the additional (at that time proposed) injection of cash through the sale of the trade mark. Accordingly the trustees believed there to be adequate cover for the security.

Again the liquidator's report wording is not helpful and we understand the final report will be published soon which will explain the position more clearly. Meanwhile, Mr Stedman has asked the liquidator to clarify the position and he responded as follows:

"With regard to the annual report - (This is written in a way for ordinary creditors to understand and it was important to establish the difference between Fixed and Floating entitlements). Arguably, what it should have said was, "Aldermore's fixed charge was fully repaid from monies collected directly by them, in respect of the debts previously assigned by the Company under the terms of a Factoring agreement". As per the Receipts and payments account attached to the report - No monies have been paid to Aldermore by the Liquidator."

Accordingly, we do not agree with your contention that the value of the Pension Fund's charge has been reduced. The charge by RBISF/Aldermore (which in fact cannot be fixed as book debts are a moving figure) does not reduce the assets of the company as the company has already received value for the sale of those debtors. The company (or indeed the liquidator) cannot have it both ways and receive the cash whilst retaining the rights surrounding the debtor.

We trust you will agree that there has been no reduction in the value of the security and accordingly there has not been an unauthorised payment.

We discussed with Mr Stedman the current position of the liquidation and he informed us that he had a conversation with the liquidator in trying to understand how much and when the pension scheme will be paid. This is where the £25,000 figure came from.

We trust this now clears up the situation.

Yours faithfully

Carpenter Box LLP

Encs:

Year ended 31 December 2009 group accounts for The Loft Shop Limited