

CORPORATE SIMPLIFICATION

ADDRESSING COMPLEX STRUCTURES TO ENSURE THE SUCCESS OF YOUR TAKEOVER

Over time the number of entities in a group increases, often revealing complicated group structures resulting in unnecessary operational costs. It is estimated that each dormant subsidiary costs £3,000-£5,000 per annum in compliance costs and management time and plays no useful position in the companies current structure.

We can assist companies in addressing the complexities of their group structure to help reduce their operating costs and ensure their continued success.

Potential issues that you could be affected by:

- Tax – UK companies may be required to file a tax return whether they are active or dormant.
- Management Time - Complex structures can result in management becoming distracted dealing with the compliance requirements of dormant companies instead of focusing on company strategies.
- Compliance – Additional and avoidable excess compliance costs.

So how can Corporate Simplification assist with the issues you are facing?

Corporate Simplification is a procedure, which allows directors and shareholders to remove a company from the group to simplify its structure and reduce any cost or compliance burdens.

Disclaimer: This guide is prepared as a general guide only. No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the author or publisher. Always seek professional advice before acting. Moorfields Corporate Recovery Ltd is registered in England and Wales No 08910792. The company's registered office is at 88 Wood Street, London, EC2V 7QF. The Institute of Chartered Accountants in England and Wales authorises Simon Thomas and Nicholas O'Reilly to act as insolvency practitioners in the UK under section 390(2)(a) of the Insolvency Act 1986.



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By performing a review of the inactive companies, we can provide recommendations on which companies are suitable for winding up by MVL or maybe struck off without the need for a formal winding up.

Once the redundant companies have been identified Moorfields can advise you on all aspects of the wind down procedure and can also act as liquidators should the solvent winding up of the companies be required. Ensuring the process is compliant whilst at the same time maximising shareholder return.

Once the companies are placed into liquidation Moorfields will ensure that all statutory obligations are complied with, including getting clearance from HM Revenue and Customs for the companies to be dissolved.

The burden on management will be removed and the companies will be dissolved three months after Moorfields have completed the liquidation.

Why us?

Moorfields Corporate Recovery is a specialist firm providing restructuring and insolvency solutions to businesses, financiers, stakeholders and professionals including accountants and lawyers.

So why are we considered specialists in our field ?

- We focus 100% of our time on corporate restructuring and insolvency solutions.
- We have a dedicated team of corporate simplification experts who regularly work with SME'S to blue chip companies.
- We dedicate 100% of our time on corporate simplification/ MVL procedures and project management.
- We are committed to seeking practical solutions and provide lasting practical solutions focused on meeting our clients' requirements.

CASE STUDY

ONE OF THE UK'S LARGEST CO-OPERATIVE SOCIETY'S

“It is estimated that each dormant subsidiary costs £3,000-£5,000”

Company Overview

- 12 Dormant Subsidiaries of one of the UK's largest Co – Operative Societies.
- All subsidiary companies had traded in the past.
- All companies had been dormant for a number of years.
- There was a possibility of unaccounted assets or liabilities.

The Challenge

- Shareholder was concerned about unrecorded assets reverting to government control.
- Shareholder wanted to make sure that the intercompany balances were satisfied.
- Shareholder wanted the companies wound up and dissolved.

Moorfields Action

- Prior to the liquidation, land registry searches were undertaken to identify properties.
- Distributed over £50,000 of intercompany debt.
- Agreed Corporation Tax liability with HMRC
- Removed, where appropriate, the companies from the main VAT group.

The Result

- Returned cash to shareholder in accordance with agreed timetable.
- By identifying unknown assets the shareholder was able to adapt its strategy accordingly.
- Reduced amount of time management spent dealing with annual returns and accounts of dormant companies
- Successfully wound up 11 of the 12 companies, the 12th being withdrawn as a result of the assets identified by Moorfields.

Thank you for all your help. We will certainly be in contact again when/if we need any assistance on any other companies”

Large PLC based in London

CAN WE HELP?

If you would like to discuss how Moorfields can assist in placing your company into MVL, or any of the issues raised above, please contact:

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