



**HM Revenue  
& Customs**

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**Date** 07 February 2013  
**Our Ref** CFS499615  
**Your Ref** L135H/RWD/443309

Dear Sirs

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

Thank you for your letter dated 07 January 2013 and I regret the delay in replying.

**Pension scheme loan:**

Thank you for providing the documentation in relation to the pension scheme loan.

It is noted that the scheme made a loan of £100,000 on 21 January 2010 and the loan was secured by way of a Debenture of the same date. I also note that according to Companies House there was a Debenture already in place in respect of RBS IF and this is possibly the charge you mention in your letter.

Can you say whether the Debenture held by RBS IF was valid (outstanding) when the loan was made to The Loft Shop Limited. If not, can you provide confirmation that the Debenture (RBS IF) had been satisfied prior to 21 January 2010 and I would appreciate copies of appropriate documents evidencing this?

In light of the above, can you explain what you mean by, "It was a first charge but stood after the invoice finance provider, RBS IF"?

I have seen a copy of the respective administration and liquidation reports dated 12 December 2011 and 07 January 2013 (obtained from Companies House) and it appears that a charge in relation to a company called "Aldermore Invoice Finance" – created on 06 July 2011 took precedence over the charge created in respect of the pension scheme with the effect being that Aldermore Invoice Finance will receive some return on liquidation but the scheme will receive very little, or probably nothing at all.

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

Bearing in mind that there must be no other charge on the asset that takes priority over the charge made by the scheme, can you explain how this happened when the pension scheme had a charge in place over – *"Fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery"*? It appears that the charge in respect of the pension scheme loan was not a first charge and therefore the loan fails the tests as per S179 and Schedule 30 of Finance Act 2004.

Will you please provide copies of all correspondence made to and from the administrator/liquidator in respect of the monies owed to the scheme?

Also, as the asset over which the loan is secured needs to be of adequate value to cover the capital and interest due, can you please provide a contemporaneous valuation of the assets over which the charge was placed? If none was obtained, can you provide details of how the scheme knew the assets were of adequate value and provide full details of what the assets were and how this conclusion was reached?

You say that no payments of capital and interest have been made. Bearing in mind that the loan agreement at 7.3.1 and 8.2 says that the loan capital (instalment) and interest payment would be paid annually and in arrears starting on 20 January 2011, can you provide copies of any correspondence between the company and the scheme where this subject was mentioned/discussed and say why the scheme did not enforce the Debenture that had been put in place?

Will you please confirm that the amount loaned did not exceed 50% of the net asset value of the fund when made and if confirmed, please provide full details of the net asset figure and how this was calculated?

**Trademark:**

Thank you for providing the details in respect of this.

I will re-refer the matter to my colleague in Shares Assets Valuation for his consideration and will keep you informed of any developments.

Can you confirm that Kaysted Ltd is now using the trademark and that any royalties due to be paid to the scheme as a consequence of this have been paid and are up to date and please provide copies of bank statements evidencing this?

I look forward to receiving a copy of Kaysted Licence Agreement in due course.

**The scheme:**

Will you please provide details including copies of the relevant deeds and trust documents which provide details of the current scheme administrator and trustees of the scheme and also these details when the transactions (the loan and trade mark purchase) were made?

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 sincerely



Vince Walsh

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