



# simplify your structure

Our Corporate Simplification Solution

[mlmsolutions.co.uk](http://mlmsolutions.co.uk)

[simplifyyourstructure.co.uk](http://simplifyyourstructure.co.uk)



# FEW ORGANISATIONS SET OUT TO CREATE COMPLEX CORPORATE STRUCTURES BUT AS THEY EVOLVE A COMBINATION OF FACTORS CAN LEAD TO THE ACCUMULATION OF SUPERFLUOUS ENTITIES.



Holding companies are often formed, or entities inherited, as part of merger and acquisition activity. Within a business the growth strategy may involve developing new products or entering into new markets which can be better achieved through the formation of new entities. Perhaps the most common reason for establishing new entities is to minimise tax liabilities.

Whatever the reason in today's competitive marketplace, where the focus tends to be on cost efficiency and operational excellence, companies can ill-afford to continue to waste valuable time and resource on surplus entities.

**We can help you to simplify your structure.**



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## WHY SIMPLIFY YOUR STRUCTURE?

Maintaining inactive / dormant entities has considerable time and cost implications for your business.

### FINANCIAL

- » Reduction in administration costs (up to £7k per entity per annum)
- » Savings in management time
- » Operational efficiency in respect of capital and cash
- » Reduced compliance requirements
- » iXBRL and IFRS for SME's may both incur unnecessary costs of conversion for non-trading entities
- » Elimination of dividend blocks

### BUSINESS

- » Improved transparency and corporate governance
- » Greater control
- » Increases investor perception of value

### RISK

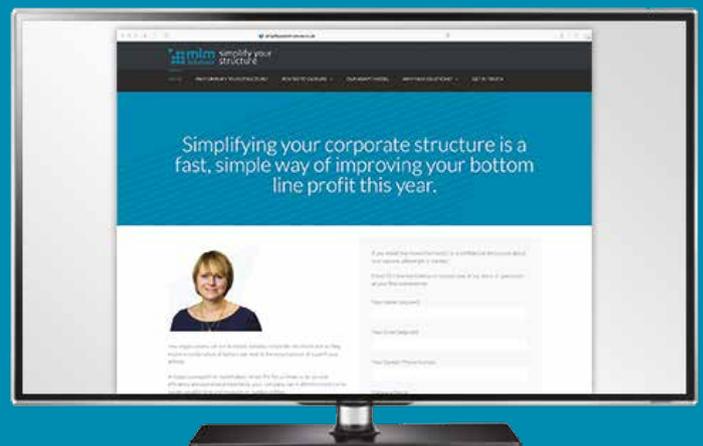
- » Better manage corporate risk
- » Complex structures provide opportunities for error and fraud
- » Entities acquired through M&A activity can contain unknown off-balance sheet contingent liabilities
- » Reduces personal risk for directors and management

### TAX

- » Tax losses/tax neutral business transfers
- » Opportunity to release inter-company balances and reserves in a tax efficient manner
- » Opportunity to realise tax planning opportunities

## VISIT OUR SIMPLIFY MICROSITE

To complement this brochure we have created [www.simplifyyourstructure.co.uk](http://www.simplifyyourstructure.co.uk), a dedicated microsite providing more information on our approach to corporate simplification.



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# WHAT IS CORPORATE SIMPLIFICATION?

Corporate Simplification is a formal approach for reviewing a corporate structure in order to identify and dissolve dormant or inactive companies. The three routes to closure are:

## CAPITAL REDUCTION

The process of decreasing a company's shareholder equity through share cancellations and share repurchases.

- » Marginally cheaper than liquidation;
- » Long tail exposure so less effective risk management than liquidation;
- » Onus and risk lies with the directors/other stakeholders;
- » Requires subsequent strike off or Members Voluntary Liquidation.

## STRIKE OFF

A company makes an application to Companies House to be struck off the register and dissolved.

- » Cheaper than liquidation;
- » Long tail exposure so less effective risk management;
- » Onus and risk lies with the directors/other stakeholders.

## MEMBERS VOLUNTARY LIQUIDATION

The solvent liquidation process where tax-efficient distributions are made to shareholders after all creditors are paid in full.

- » Risk transfers from directors to liquidators on appointment, so certainty of exit provided to stakeholders;
- » Liquidation is effectively an 'insurance policy' for the directors;
- » 'One stop' elimination process for company and its directors.

# OUR ADAPT MODEL

We have been able to draw upon our knowledge and experience to develop a framework for delivering our corporate simplification services.

## 1. Audit

We will conduct a comprehensive review of your corporate structure as well as financial reports and associated processes. If required, we may also review additional business plans and interview key stakeholders.

## 2. Discuss

We will present the findings of our audit in a report. The report will make recommendations as to the most appropriate method of winding down, closing or eliminating relevant dormant subsidiary companies, the associated risks to the directors and the group and how best to plan for this type of project whilst avoiding the common pitfalls.

## 3. Agree

The decision regarding which is the most appropriate route to closure is likely to be based on the directors' tolerance to risk, both personal liability and the risk of contingent liabilities arising. This factor must be balanced with the costs associated with each option, internal resource available and the most efficient approach particularly when dealing with multiple entities.

## 4. Perform

We will fully implement the approved route to closure providing peace of mind that all legal matters will be dealt with in a timely and efficient manner.

## 5. Trim

Once we have completed the process your corporate structure will be trimmed to ensure that only core businesses remain. Depending upon the preferred route to closure we would expect the payback period to be no more than 12 - 18 months for an MVL and significantly sooner for the other options.

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# WHY MLM SOLUTIONS?

We are a financial restructuring, recovery and insolvency boutique adept at helping companies to simplify their corporate structure. The following factors allow us stand out from the crowd:

- » Offices across the UK including Edinburgh, Glasgow and London;
- » Our 5 Directors all have extensive senior level experience working in 'top 10' firms;
- » Two Directors occupy senior roles at the Insolvency Practitioners Association;
- » Highly experienced in developing and delivering corporate simplification strategies;
- » Dedicated "simplify your structure" campaign and microsite;
- » Flexible team with the ability to deploy resource to meet demand;
- » Empathetic team committed to providing open and honest advice;
- » Recommend solutions to help meet our clients' financial objectives;
- » Highly competitive and bespoke fee structure;
- » Provide transparency on costs and who is doing the work.

QUIET PROFESSIONALISM, BIG FIRM CREDENTIALS, GENUINE EXPERTISE  
TRACK RECORD IN LITIGATION, TAILORED SOLUTIONS, NOT VOLUME PLAYERS  
PARTNER / DIRECTOR LED, TEAM APPROACH, SAFE PAIR OF HANDS  
AVOID FORMAL COURT PROCESS, EMPATHETIC, BOUTIQUE FIRM  
RESCUE CULTURE, IPA, OPEN AND HONEST ADVICE  
COMPETITIVE FEE STRUCTURES, TRANSPARENCY ON COSTS



## FLEXIBLE APPROACH TO FEES

At mlm Solutions our approach takes account of the complexity and risk of each assignment allowing us to take a commercial view on pricing. Our traffic light model below provides further detail.



Companies that fall into the **red category** will as well as the factors in the amber category, perhaps still be trading or have just ceased trading, have staff to deal with, be facing legal actions or will have leases to be dealt with. These are not exhaustive lists but will hopefully give you an indication of how we assess risk and price.



The **amber category** is for those companies considered to be medium risk. This will include companies with overdue financial statements and tax returns, assets still to realise, outstanding creditors, or the shareholders may require early distributions or distributions in specie.



Companies that have ceased trading and fully tidied up their affairs will fall into the **green category**, their accounts and tax returns will up to date, employees will have been dealt with, all assets will have been sold pre appointment, all creditors will have been paid, and there will be cash at the bank.

In order to keep the costs down we encourage you to work with your existing advisors to remove the risk factors before passing the case to us for a formal winding up.

We are happy to agree a fixed fee to complete the initial Audit and Discuss phases of the ADAPT framework. Should you then instruct us to deliver our recommendation (i.e. progress through the Agree, Perform and Trim phases) we will waive the aforementioned fee. Where possible we will try to provide fixed prices and we offer attractive volume discounts for multi-subsidary structures.

## PRODUCT LEADERS



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