

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

06706741

Name of Company

Ethos Solutions Limited

I / ~~We~~

Michaela Hall, 4th Floor, 4 Victoria Square, St Albans, Hertfordshire, AL1 3TF

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986.

The Progress Report covers the period from 04/04/2016 to 03/04/2017

Signed



Date

22 May 2017

Kingston Smith & Partners LLP
4th Floor,
4 Victoria Square,
St Albans,
Hertfordshire,
AL1 3TF

Ref: IDE0017/MH/NB/MG/JH



22 May 2017

TO THE CREDITORS AND MEMBERS

Our ref:

MJH/CAR/IDE0017/NB/04

When calling please ask for: Neill Bacon

Dear Sir / Madam

Ethos Solutions Limited - In Liquidation ("the Company")

Please find attached a copy of my Progress Report on the liquidation for the year ended 3 April 2017.

By way of reminder, I replaced Ian Mark Defty as Liquidator on 4 April 2014. I am licensed to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England & Wales and am bound by the Insolvency Code of Ethics when carrying out all professional work in relation to an insolvency appointment.

Yours faithfully



MICHAELA JOY HALL
Liquidator

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Kingston Smith and Partners LLP
Licensed Insolvency Practitioners
4th Floor, 4 Victoria Square, St Albans, Hertfordshire AL1 3TF
Telephone 01727 896015 Fax 01727 896028 ks&pllp@ks.co.uk www.kspllp.co.uk

A list of partners is available for inspection at the registered office.
All insolvency practitioners are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales.
Partners acting as administrative receivers, administrators or supervisors of voluntary arrangements act as agents for the debtor and without personal liability.

Registered in England and Wales as a Limited Liability Partnership No OC304165
Registered office: Devonshire House, 60 Goswell Road, London EC1M 7AD

Liquidator's Annual Progress Report to Creditors & Members

**Ethos Solutions Limited
- In Liquidation**

22 May 2017

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

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ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

1 Introduction and Statutory Information

- 1.1 I, Michaela Joy Hall of Kingston Smith & Partners LLP, 4th Floor, 4 Victoria Square, St Albans, Herts AL1 3TF replaced Ian Mark Defty ("Mr Defty") as the Liquidator of Ethos Solutions Limited ("the Company") following his official retirement from this practice and the making of a block transfer order in the High Court on 4 April 2014. This progress report covers the period from 4 April 2016 to 3 April 2017 ("the Period") and should be read in conjunction with my previous annual progress reports to creditors.
- 1.2 By way of reminder, I can also confirm that Mr Defty was originally appointed Liquidator at a meeting of creditors convened under section 98 Insolvency Act 1986 on 18 December 2012.
- 1.3 The Registered Office of the Company has been changed to 4th Floor, 4 Victoria Square, St Albans, Herts AL1 3TF and its registered number is 06706741.
- 1.4 The principal trading address of the Company is 3 The Precincts, Canterbury Cathedral, Canterbury, Kent CT1 2EE.
- 1.5 The Company was originally incorporated on 24 September 2008 and acted as an umbrella company by providing services to workers of a multitude of other companies.

2 Progress of the Liquidation

- 2.1 This section of the report provides creditors with an update on the progress made in the Liquidation during the Period.
- 2.2 At Appendix A is my Receipts and Payments Account for the Period together with a Cumulative Receipts and Payments Account for the period from 18 December 2012 to the end of the Period.
- 2.3 As can be seen, Gross Bank Interest of £1.97 has been received during the Period. Payments made within the last twelve months amount to £1.00 and consist of a Corporation Tax liability incurred for the Accounting Period Ended 17 December 2015.
- 2.4 Attached at Appendix B is a time analysis outlining the time spent by the Liquidator and her staff during the period of this report together with a cumulative time analysis covering the period since my appointment as Liquidator at Appendix C.
- 2.5 During the past twelve months my staff have prepared internal file reviews and an annual progress report which bring no financial benefit to creditors. Further time has also been spent on attending a meeting with Solicitors and Counsel as well as discussing a number of proposed changes to existing tax legislation with HM Revenue & Customs. The case team are now actively involved in trying to quantify a number of potential claims under the Insolvency Act 1986.

Administration

- 2.6 A Liquidator must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. This work includes dealing with the Company's creditors and employees together with other administrative tasks associated with the appointment, such as agreeing the strategy for the liquidation, filing notices of appointment, statutory advertising, opening and maintaining the estate cash book and bank accounts and reporting periodically to creditors, HM Revenue & Customs and the Registrar of Companies.
- 2.7 Creditors should also note that this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Realisation of Assets

Office Equipment

- 2.8 As previously reported, the Company's existing office equipment was purchased by Ethos Payroll Services Limited for £12,743 on 30 January 2013.

Book debts

- 2.9 Total realisations from this source amount to £15,814.35.

Cash at bank

- 2.10 Funds amounting to £5,323.89 were paid into the liquidation estate on 22 February 2013.

Rent Deposit Deed

- 2.11 No recoveries have been made from this source as the Company's former landlords were able to retain a cash sum of £4,750 under the terms of an existing Rent Deposit Deed granted on 25 June 2011.

Creditors (claims and distributions)

- 2.12 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. A Liquidator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.13 Claims from preferential creditors usually involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.
- 2.14 The above work will not necessarily bring any financial benefit to creditors generally, however, a Liquidator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Liquidator in dealing with those claims.

Investigations

- 2.15 You may recall from my first progress report that some of the work the Liquidator is required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Liquidator can pursue for the benefit of creditors.
- 2.16 My report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986 was submitted during the first year of the liquidation and remains confidential.
- 2.17 Since my last progress report, I have continued to liaise with my Solicitors and Counsel in relation to a number of potential asset realisations that may be pursued by me for the benefit of creditors.

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Matters still to be dealt with

- 2.18 As stated at paragraph 2.5 above, the case team are now actively involved in quantifying a number of potential claims under the Insolvency Act 1986. Further litigation may be required.

3 Creditors

Secured Creditors

- 3.1 The Company has no secured creditors.

Preferential Creditors

- 3.2 There are no known preferential creditors.

Unsecured Creditors

- 3.3 I have received claims totalling £2,730,841 from four creditors. This compares to a figure of £2,523,496 as per the Director's Estimated Statement of Affairs as at 18 December 2012.
- 3.4 As the Company did not grant any floating charges to a secured creditor, there is no requirement to create a fund out of the Company's floating charge property for unsecured creditors, which only applies where a floating charge was created either on or after 15 September 2003.
- 3.5 The prospect of a distribution to unsecured creditors remains uncertain and will largely be determined by the outcome of my ongoing investigations into the affairs of the Company.

4 Liquidator's Remuneration

- 4.1 The creditors approved that the basis of the Liquidator's remuneration be fixed by reference to the time properly spent by her and her staff in managing the Liquidation at a meeting held on 19 February 2013.
- 4.2 My time costs for the Period are £18,435.84. This represents 42.42 hours at an average rate of £434.60 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent by me in managing the Liquidation. To date, fees and disbursements of £25,626.11 plus VAT (where applicable) have been drawn on account.
- 4.3 Also attached as Appendix C is a cumulative Time Analysis for the period from 18 December 2012 to 3 April 2017 which provides details of my time costs since my appointment. The cumulative time costs incurred to date are £100,925.21. This represents 259.08 hours at an average rate of £389.55 per hour.
- 4.4 In considering the remaining work to be done in this Liquidation, I currently anticipate that my time costs to complete the Liquidation will be approximately £50,000. I will update creditors on this in my next progress report.
- 4.5 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from www.kspllp.co.uk/creditorsguidetofees
- 4.6 Attached as Appendix D is additional information in relation to the Liquidator's fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

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5 Creditors' Rights

- 5.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidator provide further information about her remuneration or expenses which have been itemised in this progress report.
- 5.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Liquidator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive.

6 Next Report

- 6.1 I am required to provide a further report on the progress of the Liquidation within two months of the next anniversary of the Liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with a final account of the Liquidation together with a notice explaining the rights of creditors.

Yours faithfully



MICHAELA JOY HALL
Liquidator

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ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Appendix A

Receipts and Payments Account for the Period from 4 April 2016 to 3 April 2017 and Cumulative Receipts and Payments Account for the Period since the Liquidator's Appointment on 18 December 2012

Ethos Solutions Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £		From 04/04/2016 To 03/04/2017 £	From 18/12/2012 To 03/04/2017 £
	ASSET REALISATIONS		
12,743.00	Furniture & Equipment	NIL	12,743.00
37,199.80	Book Debts	NIL	15,814.35
5,360.04	Cash at Bank	NIL	5,323.89
4,750.00	Rent Deposit	NIL	NIL
	Bank Interest Gross	1.97	86.75
		<u>1.97</u>	<u>33,967.99</u>
	COST OF REALISATIONS		
	Specific Bond	NIL	80.00
	Preparation of S. of A.	NIL	6,283.50
	Office Holders Fees	NIL	25,000.00
	Office Holders Expenses	NIL	216.13
	Corporation Tax	1.00	16.67
	Storage Costs	NIL	187.60
	Statutory Advertising	NIL	142.38
		<u>(1.00)</u>	<u>(31,926.28)</u>
	UNSECURED CREDITORS		
(4,242.66)	Trade & Expense Creditors	NIL	NIL
(191,195.13)	HM Revenue & Customs	NIL	NIL
(2,328,057.72)	HM Revenue & Customs	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(2,463,542.67)</u>		<u>0.97</u>	<u>2,041.71</u>
	REPRESENTED BY		
	Bank 1 Current		2,041.71
			<u>2,041.71</u>


Michaela Hall
Liquidator

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Appendix B

Kingston Smith & Partners LLP Time Analysis for the Period from the 4 April 2016 to 3 April 2017

Ethos Solutions Limited

Summary of Fees and Expenses

From 04/04/2016 to 03/04/2017

Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	0.50	2.92	0.83	4.25	1,658.34	390.20
General Admin/Billing/Filing	0.17	0.25	0.83	1.25	351.67	281.34
Statutory filing with Court, Companies	0.17	0.50		0.67	324.17	483.84
Strategy reviews/Checklists/Diary	0.17			0.17	99.17	583.35
Case Planning/Information		1.92		1.92	784.58	408.64
Post Appointment VAT & CTax		0.25		0.25	98.75	395.00
Investigations	1.83	31.67		33.50	14,920.83	445.40
Strategy, planning, meetings and	1.83	18.50		20.33	9,415.83	463.15
Information capture/initial		1.00		1.00	450.00	450.00
Other scheduling & information		11.92		11.92	4,942.50	414.64
SIP 2 review & CDDA reporting		0.25		0.25	112.50	450.00
Creditors	0.17	4.50		4.67	1,856.67	397.57
Correspondence/Preparation of	0.17	4.50		4.67	1,856.67	397.57
Grand Total:	2.50	39.08	0.83	42.42	18,435.84	

Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

Disbursements

Category 1 Disbursements

234.48

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Appendix C

Kingston Smith & Partners LLP Cumulative Time Analysis for the Period since the Liquidator's Appointment on 18 December 2012

Ethos Solutions Limited

Summary of Fees and Expenses

From 18/12/2012 to 03/04/2017

Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Other Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	8.67	47.25	7.83		63.75	24,496.72	384.26
Case Planning/Information	5.00	20.08			25.08	11,510.00	458.93
Cashiering - set-up, maintenance &	1.83	0.17			2.00	792.35	396.18
General Admin/Billing/Filing	0.25	10.08	3.92		14.25	4,755.76	333.74
Post Appointment VAT & CTax	0.17	5.75			5.92	1,841.61	311.08
Set-up Administration/IPS/Initial	0.17	1.33	2.83		4.33	1,079.34	249.27
Statutory filing with Court, Companies	0.25	3.58			3.83	1,549.09	404.46
Strategy reviews/Checklists/Diary	1.00	3.00	0.67		4.67	1,745.24	373.71
Books & Records administration		3.00	0.17		3.17	1,081.58	341.19
Dealing with company/Debtor re		0.25	0.25		0.50	141.75	283.50
Investigations	3.42	156.25	0.33		160.00	65,926.56	412.04
Litigation - document review	0.33	0.17			0.50	198.34	396.68
Other scheduling & information	0.25	38.25			38.50	15,570.34	404.42
Strategy, planning, meetings and	2.83	75.50	0.33		78.67	34,125.80	433.78
Information capture/initial		29.92			29.92	10,348.33	345.87
Retrieval, review & analysis of debtors		7.08			7.08	3,458.75	488.52
SIP 2 review & CDDA reporting		5.33			5.33	2,225.00	417.45
Realisation of Assets	0.33	6.25		0.08	6.67	2,583.17	387.28
Cashiering - banking, realisations &	0.17	0.33			0.50	151.50	303.00
Identification, securing, insuring &	0.08	0.08		0.08	0.25	71.00	284.00
Tangible Assets - plant, motors,	0.08	2.92			3.00	1,202.75	400.92
Debtors & Claims		1.92			1.92	757.92	394.75
Freehold & Leasehold		1.00			1.00	400.00	400.00
Creditors	0.58	18.00	1.75	0.17	20.50	7,534.09	367.52
Correspondence/Preparation of	0.58	17.75	1.50	0.17	20.00	7,392.34	369.62
Claims/Proofs		0.25	0.25		0.50	141.75	283.50
Other		0.17	6.00	2.00	8.17	384.67	47.08
Creditors Voluntary Liquidation		0.17	6.00	2.00	8.17	384.67	47.08
Grand Total:	13.00	227.92	15.92	2.25	259.08	100,925.21	

Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

Disbursements

Category 1 Disbursements

959.59

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows

Photocopies	101.30
Postage	30.06
	131.36

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Appendix D

Additional Information in Relation to the Liquidator's Fees, Expenses & Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

2 Professional Advisors

- 2.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Clarke Willmott LLP (legal advice)	Conditional Fee Agreement
Marsh Limited (insurance)	Scale rate

- 2.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

3 Liquidator's Expenses & Disbursements

- 3.1 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below;

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Solicitors' costs	0.00	0.00	53,827.04	70,000.00
Bonding Bordereau	80.00	0.00	80.00	160.00
Companies House Fees	2.00	0.00	0.00	2.00
HM Land Registry Fees	6.00	0.00	6.00	6.00
Statutory advertising	142.38	0.00	0.00	218.38
External storage of books & records	127.60	0.00	184.48	445.20
Transcription Costs	115.43	0.00	0.00	115.43
Travel	25.00	0.00	189.70	214.70
External meeting room hire	0.00	0.00	0.00	100.00
Category 2 disbursements				
Photocopies	54.05	0.00	47.25	141.80
Postage	13.65	0.00	16.41	44.64

- 3.2 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.

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- 3.3 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidator's fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

4 Charge-Out Rates

- 4.1 A schedule of Kingston Smith & Partners LLP charge-out rates for this assignment effective from 1 May 2016 is detailed below. Please note this firm records its time in minimum units of 5 minutes.

General Rates

	Per Hour £
Partner	395
Licenced Insolvency Practitioner	350
Senior Manager	335
Manager	300
Other Senior Professionals	
Supervisor/Assistant Manager	275
Senior Administrator	240
Administrator	180
Junior Administrator	140
Support Staff	
Experienced Cashier	260
Cashier	180
Support	110

ETHOS SOLUTIONS LIMITED - IN LIQUIDATION

Investigation Rates

	Per Hour £
Partner	595
Licenced Insolvency Practitioner	520
Senior Manager	495
Manager	450
Other Senior Professionals	
Supervisor/Assistant Manager	395
Senior Administrator	240
Administrator	180
Junior Administrator	140
Support Staff	
Experienced Cashier	260
Cashier	180
Support	110