

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, 105 St Peter's Street, St Albans, Herts, AL1 3EJ

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 18/12/2012 to 03/04/2015

Signed



Date

14 July 2015

Kingston Smith & Partners LLP
105 St Peter's Street
St Albans
Herts
AL1 3EJ

Ref IDE0017/MH/NB/MG/JH

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COMPANIES HOUSE

Liquidator's Annual Progress Report to Creditors

**Ethos Solutions Limited
- In Creditors Voluntary
Liquidation**

15 July 2015

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1 Introduction and Statutory Information

- 1 1 This report provides an update on the progress in the liquidation for the period to 3 April 2015. By way of background, I can confirm that I, Michaela Joy Hall of Kingston Smith & Partners LLP, 105 St Peter's Street, St Albans, Herts AL1 3EJ replaced Ian Mark 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.
- 1 2 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.
- 1 3 The Registered Office of the Company has been changed to 105 St Peter's Street, St Albans, Hertfordshire AL1 3EJ and its registered number is 06706741.
- 1 4 The principal trading address of the Company was 3 The Precincts, Canterbury Cathedral, Canterbury, Kent CT1 2EE.

2 Realisation of Assets

- 2 1 At Appendix A, I have provided a Receipts and Payments Account for the period from 4 April 2014 to 3 April 2015 together with a comparison with Statement of Affairs values and a cumulative account covering the period from 18 December 2012 to 3 April 2015 inclusive.

Office Equipment

- 2 2 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 3 Total realisations from this source amount to £15,814.35.

Cash at bank

- 2 4 Funds amounting to £5,323.89 were paid into the liquidation estate on 22 February 2013.

Rent Deposit Deed

- 2 5 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.
- 2 6 In accordance with the Statement of Insolvency Practice No 13 (SIP13), I would advise you that no assets have been sold to the directors of the Company.

3 Investigations

- 3 1 My previous block transfer report dated 10 July 2014 provides further details of my initial investigations into the affairs of the Company, which were primarily concerned with the creation and formation of an Employment Benefit Trust known as the Ethos Solutions Limited Business Benefit Trust No. 2.
- 3 2 Following the determination of an appeal in HMRC -v- Murray Group Holdings Ltd & Others on 8 July 2014, I have continued to monitor the overall situation in the so-called "Rangers" case in conjunction with my Solicitors and a further update from a specialist division of HM Revenue & Customs is expected shortly.

- 3 3 In accordance with the Company Directors Disqualification Act 1986, I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Innovation and Skills ("DBIS") As this is a confidential report, I am unable to disclose the contents

4 Creditors

Secured Creditors

- 4 1 The Company has no Secured Creditors

Preferential Creditors

- 4 2 There are no known preferential creditors

Unsecured Creditors

- 4 3 I have received claims totalling £2,730,841 from four creditors I have yet to receive claims from one remaining creditor whose debt totals £Nil as per the Director's Estimated Statement of Affairs
- 4 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 after 15 September 2003
- 4 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

5 Liquidator's Remuneration

- 5 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
- 5 2 My time costs for the period from 4 April 2014 to 3 April 2015 are £5,627 84 This represents 14 58 hours at an average rate of £385 99 per hour Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by the Liquidator in managing the Liquidation
- 5 3 Also attached as Appendix B is a further breakdown of my time costs from 18 December 2012 to 3 April 2015 inclusive As can be seen, my time costs to date amount to £74,588 51 which represents 197 00 hours at an average rate of £378 62 per hour For the avoidance of doubt I can confirm that fees of £25,000 00 and disbursements of £566 11 excluding VAT have been drawn on account
- 5 4 The main activities undertaken under the general heading of "Administration & Planning" include the setting up of internal files and statutory compliance together with reviewing checklists and preparing file reviews
- 5 5 The heading of "Realisation of Assets" also includes the identification, securing, insuring and bonding of Company assets together with maintaining the liquidation estate bank accounts

- 5 6 The section headed "Investigations" consists of conducting records examinations, other scheduling and information analysis, correspondence with third parties, developing strategies, planning and attending meetings
- 5 7 The section headed "Creditors" consists of the preparation of reports to creditors, claims, proofs and related correspondence
- 5 8 Attached at Appendix C is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade

6 Liquidator's Expenses

- 6 1 The following expenses have been incurred since my appointment

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
Clarke Willmott LLP	Legal Fees and Disbursements	30,070 54	0 00	30,070 54
Marsh Limited	Bonding Bordereau	160 00	80 00	80 00
Companies House	Company Searches	2 00	2 00	0 00
HM Land Registry	Fees	6 00	6 00	0 00
Photocopying	Photocopying	81 05	54 05	27 00
Postage	Postage	22 77	13 65	9 12
TMP Worldwide Limited	Statutory Advertising	142 38	142 38	0 00
JG Collection Services	Storage	186 64	127 60	59 04
1 st Class	Transcription Services	115 43	115 43	0 00
First Capital Connect	Travel	25 00	25 00	0 00

7 Creditors' rights

- 7 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 his remuneration or expenses which have been itemised in this progress report
- 7 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

8 Next Report

- 8 1 I am required to provide a further report on the progress of the liquidation within two months of the end 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 my final progress report ahead of convening the final meeting of creditors

Yours faithfully



MICHAELA JOY HALL
Liquidator

Enc

Appendix A

**Receipts and Payments Account from 4 April 2014 to 3 April 2015 and
cumulative from 18 December 2012 to 3 April 2015**

Ethos Solutions Limited
(In Liquidation)

Liquidator's Abstract Of Receipts And Payments

	Statement of affairs £	From 04/04/2014 To 03/04/2015 £	From 18/12/2012 To 03/04/2015 £
RECEIPTS			
Furniture & Equipment		0 00	12,743 00
Book Debts		0 00	15,814 35
Cash at Bank		0 00	5,323 89
Bank Interest Gross		12 32	79 68
Vat Control Account		5,125 23	6,381 93
		<u>5,137 55</u>	<u>40,342 85</u>
PAYMENTS			
Specific Bond		80 00	80 00
Preparation of S of A		0 00	6,283 50
Office Holders Fees		25,000 00	25,000 00
Office Holders Expenses		216 13	216 13
Corporation Tax		5 67	15 67
Storage Costs		127 60	187 60
Statutory Advertising		142 38	142 38
Vat Receivable		5,113 23	6,381 93
		<u>30,685 01</u>	<u>38,307 21</u>
BALANCE - 03 April 2015		<u>(25,547.46)</u>	<u>2,035.64</u>
MADE UP AS FOLLOWS			
Bank 1 Current		(25,547 46)	2,035 64
		<u>(25,547 46)</u>	<u>2,035 64</u>



Michaela Hall
Liquidator

Appendix B

**Time Analysis for the Period from 4 April 2014 to 3 April 2015 and
cumulative from 18 December 2012 to 3 April 2015**

Ethos Solutions Limited

Summary of Fees and Expenses

From 04/04/2014 to 03/04/2015

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	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	0 92	7 08	8 00	3,026 59	378 32
Cashiering - set-up, maintenance &	0 67		0 67	272 84	407 22
Strategy reviews/Checklists/Diary	0 25	0 42	0 67	288 33	430 34
Books & Records administration		0 25	0 25	98 75	395 00
Case Planning/Information		2 08	2 08	823 33	395 83
General Admin/Billing/Filing		2 92	2 92	1,128 75	386 56
Post Appointment VAT & CTax		1 42	1 42	414 59	291 96
Investigations		4 83	4 83	1,910 00	395 45
Other scheduling & information		0 75	0 75	296 25	395 00
Strategy, planning, meetings and		4 08	4 08	1,613 75	395 53
Realisation of Assets		1 75	1 75	691 25	395 00
Debtors & Claims		1 75	1 75	691 25	395 00
Grand Total	0 92	13 67	14 58	5,627 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

139 04

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	27 00
Postage	9 12
	36 12

Ethos Solutions Limited

Summary of Fees and Expenses

From 18/12/2012 to 03/04/2015

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	6.92	39.25	7.00		53.17	20,434.20	384.32
Case Planning/Information	5.00	14.42			19.42	9,244.17	476.01
Cashiering - set-up, maintenance &	1.17	0.17			1.33	529.00	397.74
General Admin/Billing/Filing	0.08	9.50	3.08		12.67	4,272.42	337.21
Post Appointment VAT & CTax	0.17	4.92			5.08	1,584.94	312.00
Set-up Administration/IPS/Initial	0.17	1.33	2.83		4.33	1,079.34	249.27
Statutory filing with Court, Companies	0.08	3.08			3.17	1,224.92	386.41
Strategy reviews/Checklists/Diary	0.25	2.58	0.67		3.50	1,276.08	364.59
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	0.25	116.08	0.33		116.67	46,938.23	402.32
Other scheduling & information	0.25	24.33			24.58	9,837.84	400.24
Information capture/initial		28.92			28.92	9,898.33	342.27
Litigation - document review		0.17			0.17	66.67	392.18
Retrieval, review & analysis of debtors		7.08			7.08	3,458.75	488.52
SIP 2 review & CDDA reporting		5.08			5.08	2,112.50	415.85
Strategy planning meetings and		50.50	0.33		50.83	21,564.14	424.24
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		10.42	1.75	0.17	12.33	4,248.24	344.55
Claims/Proofs		0.25	0.25		0.50	141.75	283.50
Correspondence/Preparation of		10.17	1.50	0.17	11.83	4,106.49	347.13
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	7.50	172.17	15.08	2.25	197.00	74,588.51	

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

637.45

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	81.05
Postage	22.77
	103.82

Appendix C

ADDITIONAL INFORMATION IN RELATION TO LIQUIDATOR'S FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 (SIP9)

1 Policy

Detailed below is Kingston Smith & Partners LLP policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

1 1 *Staff allocation and the use of subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Manager, Administrator and/or an Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case

We are not proposing to utilise the services of any sub-contractors in this case

1 2 *Professional advisors*

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
Marsh Limited (insurance)	Scale Rate
Clarke Willmott LLP (solicitors)	Conditional Fee Agreement

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

1 3 *Disbursements*

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

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.

On this case the following Category 2 disbursements have been incurred since 14 June 2012

Type and purpose	£
Photocopies	81 05
Postage	22 77

2 Charge-out rates

A schedule of Kingston Smith & Partners LLP charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved. Below are details of this firm's charge out rates which have been applied with effect from 1 May 2014.

	Per Hour £
Partner	395/595
Senior Manager	335/495
Manager	300
Other Senior Professionals	
Supervisor/Assistant Manager/Manager	275/395
Junior Administrator	140
Administrator	180
Senior Administrator	240
Support Staff	
Experienced Cashier	260
Cashier	180
Support	110

Please note that this firm records its time in minimum units of 5 minutes.

A schedule of Kingston Smith & Partners LLP's charge-out rates was issued to creditors at the time the basis of the Trustee's remuneration was approved. Below are details of this firm's charge out rates which have been applied with effect from 1 November 2013.

	Per Hour £
Partner	433/695
Senior Manager	314/550
Assistant Manager/Manager	275/495
Other Senior Professionals	
Supervisor	238/285
Junior Administrator/Administrator/Senior Administrator	140/230
Support Staff	
Experienced Cashier	238
Cashier	167
Support	105

Please note that this firm records its time in minimum units of 5 minutes.