



Joint Liquidators' Progress Report

For the Period 17 August 2019 to 16 August 2020

Vantis Tax Limited

(in Liquidation) (the "Company" or "VTL")

Company Number: 04997302

8 October 2020

CONTENTS

- 1 Introduction
- 2 Progress of the Liquidation
- 3 Estimated Outcome for Creditors
- 4 Liquidators' Remuneration and Disbursements
- 5 Next Report and Closure

APPENDICES

Statutory Information	Appendix A
Receipts and Payments Accounts for the Period from 17 August 2019 to 16 August 2020 and 17 August 2011 to 16 August 2020	Appendix B
Unbilled Time and Fee Analysis for the period from 17 August 2019 to 16 August 2020 and 17 August 2011 to 16 August 2020	Appendix C
Additional Information in Relation to Liquidators' Fees Pursuant to Statement of Insolvency Practice 9	Appendix D

1 Introduction

- 1.1 Simon Granger and Chad Griffin of FTI Consulting LLP (“FTI”) were appointed as Joint Administrators of the Company on 2 September 2010.
- 1.2 Following an application to the Court pursuant to s.123 of the Insolvency Act 1986 (as amended) (“the Act”), the Court ordered that the Company be placed into liquidation and that Chad Griffin and Simon Granger be appointed as Joint Liquidators of the Company on 17 August 2011.
- 1.3 Simon Granger and Chad Griffin are licensed by the Institute of Chartered Accountants of England and Wales.
- 1.4 This Report is prepared pursuant to Rule 18.8 (formerly Rule 4.49B) of the Insolvency Rules 2016 (formerly Insolvency Rules 1986 as amended) (“the Rules”). The purpose of the report is to provide creditors with an update as to the present position of the Liquidation. This report, together with the appendices, contains information in relation to the activities undertaken, accounts of the receipts and payments for the Company (Appendix B) and details of the Liquidators’ remuneration in accordance with SIP 9 (Appendices C and D) for the Period.
- 1.5 Statutory information pertaining to the Company and as required by the Rules is set out in Appendix A.
- 1.6 We are bound by the Insolvency Code of Ethics. We did not identify any ethical threats in considering our appointment over the Company, but a copy of our considerations can be provided on request. If any creditor of the Company would like further information on this, or a hard copy of the Code, they should contact the Liquidators’ office on the details set out below.
- 1.7 The Insolvency (England and Wales) Rules 2016 were made effective on 6 April 2017. The new Rules replace the Insolvency Rules 1986 (as amended). Where appropriate, we have included references to the new Rules together with the former references.
- 1.8 Further information on insolvency processes in general including a step-by-step guide can be found at the following websites:

<http://www.creditorinsolvencyguide.co.uk/>
<http://www.fticonsulting-emea.com/cip/forms-information>
- 1.9 FTI Consulting LLP comply with relevant data privacy legislation and our privacy policy can be found here:

<https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

2 Progress of the Liquidation

Latest Developments

- 2.1 On 31 March 2020 the Liquidators issued a draft final report to creditors of the Company with the intention of bringing the Liquidation to a close given the Liquidators' view that the Liquidation was complete for all practical purposes.
- 2.2 Following the issuance of the report however we received correspondence from Mills & Reeve ("M&R"), lawyers representing a third party with a claim against the Company ("the Claim"). The third party was pursuing the Claim against the Company's insurers (the Claim pre-dates the appointment of the Liquidators) and M&R sought an injunction to prevent the Liquidation being finalised prior to the completion of their claim.
- 2.3 The Liquidators were historically aware of the Claim but were of the view that the Liquidation did not have to remain open for the Claim to proceed and that it would not prevent the finalisation of the Liquidation.
- 2.4 Nevertheless subsequent to receiving the correspondence from M&R we temporarily agreed not to file the final report with Companies House, which would have brought the Liquidation to a close. A notice to creditors providing this update was uploaded to the creditors' portal on 26 May 2020.
- 2.5 A court hearing has been scheduled for March 2021 following the application by M&R to delay the Liquidators submitting the final report to Companies House or taking any further action to dissolve the Company. The hearing will provide clarity on whether the Liquidation must remain open while the Claim is ongoing. Discussions were held with M&R to find an outcome which is satisfactory for both parties and avoids the need for a hearing, however it has not been possible to come to an agreement. A further update will be provided when available.
- 2.6 The Liquidators consider that the draft final report and accompanying notices issued on 31 March 2020 are no longer applicable and therefore have reverted to the schedule of providing annual updates to creditors in relation to the period up to 16 August of each year. A further draft final report will be issued when considered appropriate.

Receipts and Payments to date

- 2.7 There have been no receipts or payments during the period 17 August 2019 to 16 August 2020.

2.8 A summary of receipts and payments for the Company for the period 17 August 2011 to 16 August 2020 is attached in Appendix B.

Future Realisations

2.9 At the time the previous progress report was published by the Liquidators in September 2019 the final outstanding matter was a potential recovery via the litigation action conducted by Aquila Advisory Limited (“Aquila”), a proportion of which would become payable to the Company if Aquila were successful.

2.10 The claims primarily related to tax products sold by the Vantis group and had been assigned to Aquila in 2010 during the Administration of the Company.

2.11 The litigation was subject to significant delays and it had previously been decided that the Liquidation of the Company would remain open so that any future recoveries could be collected and distributed to creditors.

2.12 In light of the updates from Aquila in late 2019 the Liquidators decided that the rationale for maintaining the Liquidation was no longer valid due to the significant uncertainty surrounding the likelihood, timing and quantum of any future recovery.

2.13 The Liquidators analysed a range of potential outcomes for the litigation and, even when returns to the Company were significantly higher than Aquila estimated, a prescribed part (“PP”) payment would not become payable to unsecured creditors (the only non-Secured Creditor with outstanding claims against the Company) due to the costs incurred during the Liquidation and the additional costs that would be incurred adjudicating claims and making a PP distribution.

2.14 After confirming that unsecured creditors could not benefit from any litigation recoveries the decision was taken to assign the interest in the litigation to the Secured Creditors. This was done to enable the Secured Creditors to obtain any litigation proceeds that may arise after the Company’s liquidation had been finalised. In January 2020 a distribution in specie was made to the Secured Creditors of the Company’s interest in the litigation.

2.15 As a result of the distribution in specie the Liquidators do not expect there to be any further realisations from the Liquidation estate.

3 Estimated Outcome for Creditors

3.1 As previously reported no further distributions are anticipated to any class of creditor.

3.2 Details of distributions made to date are available in the Liquidators’ prior statutory reports.

4 Liquidators' Remuneration and Disbursements

- 4.1 The basis of the liquidators' remuneration is the same as in the administration of the Company, namely the time costs properly incurred by the liquidators' and their staff in carrying out the liquidation.
- 4.2 There are currently no funds available in the Liquidation to allow any time costs incurred to date to be billed.
- 4.3 Fee estimates became a requirement from October 2015 therefore, as the appointments as both Administrators and Liquidators were prior to this date, no estimates were prepared for the Company.
- 4.4 Unpaid time costs incurred from 17 August 2019 to 16 August 2020 total £76,775. Disbursements for this period are £18,401. We have attached, at Appendix C, time analysis in accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), which provides details of the activity costs incurred by staff grade for this period. Creditors should note that the minimum time units used by the Liquidators and their staff are of six minutes.
- 4.5 Time costs incurred during the Period relate primarily to:
- Case administration, e.g. annual case review,
 - Corresponding with Aquila and the secured creditor regarding assignment of Company assets,
 - Distribution in specie of Company assets,
 - Finalisation of the tax position and final VAT returns,
 - Preparation for case closure, including drafting and issuing a final report, and
 - Dealing with the Mills & Reeve claim which resulted in a delay to case closure.
- 4.6 Disbursements during the Period are solely legal costs related to the M&R correspondence and objection to the finalisation of the Liquidation.
- 4.7 Total time costs incurred during the period of the liquidation from 17 August 2011 to 16 August 2020 are £229,521. Category 1 expenses incurred during this period are £18,667 (excluding VAT).
- 4.8 Should realisations be made in the future approval for drawing fees and expenses (as required by the Rules) will be sought.
- 4.9 Creditors notice is drawn to Rule 18.9 of the Rules, which states that a secured creditor or unsecured creditor comprising more than 5% of the value of creditors, or any creditor with the permission of the court, can, within 21 days of receipt of this report, request further information about our remuneration or expenses.

- 4.10 We will provide this information within 14 days of receiving that request unless we consider that the time or cost of preparing that information is excessive, the disclosure of information would be prejudicial to the liquidation or would breach confidentiality obligations.
- 4.11 If we do not disclose the information, or don't do so within 14 days, within 21 days of that date a creditor can apply to court to extend the period in which information must be provided.
- 4.12 Any secured creditor, or 10% value of unsecured creditors, or any creditor with the permission of the court, may, pursuant to Rule 18.34 of the Rules, apply to Court to challenge the liquidators' remuneration and expenses as excessive.
- 4.13 Such application needs to be made within 8 weeks after receipt by the applicant of this report.
- 4.14 A full guide to liquidators' fees is available at:
<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en>
- 4.15 Should you wish to receive a soft or hard copy of this guide, please contact the Liquidators at InsolvencyTeam@fticonsulting.com or on 0207 3727 1550.
- 4.16 Attached as Appendix D is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge out rates by staff grade.

5 Next Report and Closure

- 5.1 The objection to the finalisation of the Liquidation by M&R is the final issue to be dealt with, however given the detail discussed in section 2 of this report, the duration of the Liquidation remains uncertain and will remain under review.
- 5.2 Prior to the closure of the liquidation, a final report will be sent to all creditors following which creditors will have eight weeks to object to the office holders' release prior to the termination of the liquidation. Until such time as the liquidation is concluded, the liquidators are required to report to creditors within two months of the end of the next year anniversary or earlier if the liquidation has been finalised.
- 5.3 Pursuant to Rule 1.50(a) of the Rules all further information in respect of the liquidation of the Company will be placed on the website below (except for certain notices which will be mailed to creditors and were listed on the previously provided notice) and no notice will be provided to creditors of updates placed on the website:

<http://www.fticonsulting-emea.com/cip/vantis>

5.4 Should creditors wish to receive a hard copy of any of the documents available at the above website or if you have any specific queries in relation to this report or the liquidation in general, please contact the liquidators via email at InsolvencyTeam@fticonsulting.com, by phone on 020 3727 1550, or by writing to FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD.

For and on behalf of
the Company



Simon Granger
Joint Liquidator

Simon Granger and Chad Griffin are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390A(2)(a) of the Insolvency Act 1986.

Company	Vantis Tax Limited
Court details	High Court of Justice, Chancery Division, Companies Court Case No. 6392 of 2011
Registered number	04997302
Registered office address	C/O FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD
Company directors	Trevor Applin, Paul Kerr Ashton and Paul Francis Jackson
Company Secretary	Paul Kerr Ashton
Date of Liquidation appointment	17 August 2011
Shareholding held by directors and secretary	Nil
Liquidators' Names	Simon Granger and Chad Griffin ¹
Liquidators' Address	FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD ¹
Liquidators' Licensing Body	ICAEW

¹ In May 2020 Chad Griffin left FTI Consulting LLP and moved to FRP Advisory. Chad Griffin remains Liquidator of the Company and his new email address is chad.griffin@frpadvisory.com. Nevertheless, all correspondence should be sent to the FTI Consulting team (details above) who continue to manage the Liquidation.

The appointment of the Liquidators was made by the Court. The appointment is as Compulsory Liquidators.

The Company is subject to fixed and floating charges in favour of the secured lenders and the validity of the appointment and of the security has been confirmed by CMS Cameron McKenna LLP

Pursuant to Section 100 of the Act, any function of the Liquidators may be exercised by any or all of the Liquidators named above.

Receipts and Payments Account for the Period from 17 August 2011 to 16 August 2020

Appendix B

Expected to Realise Statement of Affairs	LIQUIDATION PERIOD									TOTAL PERIOD
	17 August 2011 To 16 August 2013	17 August 2013 To 16 August 2014	17 August 2014 To 16 August 2015	17 August 2015 To 16 August 2016	17 August 2016 To 16 August 2017	17 August 2017 To 16 August 2018	17 August 2018 To 16 August 2019	17 August 2019 To 16 August 2020	Total for period 17 August 2011 To 16 August 2020	£
	£	£	£	£	£	£	£	£	£	£
Receipts										
Surplus from administration	391.00	31.32	Nil	31.32						
Subordinated Inter-company Debt	Nil	15,987.75	Nil	15,987.75						
	391.00	16,019.07	Nil	16,019.07						
Payments										
Statutory Advertising		(31.32)	Nil	(31.32)						
		(31.32)	Nil	(31.32)						
Dividends										
Payment to Secured Lender under Inter-Creditor Agreement		(15,987.75)	Nil	(15,987.75)						
		(15,987.75)	Nil	(15,987.75)						
Surplus/(Deficit)		Nil	Nil							

Notes

- The inter-company dividend was subordinated debt and was paid directly to the Secured Creditor. The funds were not received in the Liquidation estate.
- No funds are currently held

Unbilled Time and Fee Analysis for the period from 17 August 2019 to 16 August 2020

Appendix C

SIP 9 time and fee analysis for the period 17 August 2019 to 16 August 2020

Classification of Work Function	Hours					Total Hours	Total Time Cost (£)	Average Hourly Rate (£)
	Senior Managing Director	Managing Director	Director	Senior Consultant	Consultant / Associate			
Administration, Accounting and Statutory Investigation	0.0	7.3	0.0	0.0	34.7	42.0	21,899.0	521.4
Realisation of Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Tax Compliance	4.0	3.3	0.0	0.0	0.0	7.3	6,095.5	835.0
Correspondence with Creditors	0.0	0.0	0.0	0.0	1.0	1.0	475.0	475.0
Other	0.0	31.4	0.0	0.0	12.0	43.4	29,987.0	690.9
Total Hours	0.0	14.8	0.0	0.0	0.0	14.8	11,318.0	764.7
Total Hours	4.0	56.8	0.0	0.0	47.7	108.5	69,774.5	643.1
Unbilled WIP	3,600.0	43,502.0	0.0	0.0	22,672.5		69,774.5	

	Time Costs	Category 1	Category 2	Total
Total Costs incurred 17 Aug 2019 to 16 Aug 2020	69,774.5	18,401.5	0.0	88,176.0
Amount Billed	0.0	0.0	0.0	0.0
Unbilled WIP	69,774.5	18,401.5	0.0	88,176.0

Note: All amounts are shown net of VAT

Unbilled Time and Fee Analysis for the period from 17 August 2011 to 16 August 2020

Appendix C

SIP 9 time and fee analysis for the period 17 August 2011 to 16 August 2020

Classification of Work Function	Hours					Total Hours	Total Time Cost (£)	Average Hourly Rate (£)
	Senior Managing Director	Managing Director	Director	Senior Consultant	Consultant / Associate			
Administration, Accounting and Statutory	0.0	16.9	2.2	4.5	72.3	95.9	39,849.5	415.5
Investigation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Realisation of Assets	16.2	70.2	1.0	0.0	35.1	122.5	65,197.5	532.2
Tax Compliance	0.0	10.0	1.5	0.0	8.8	20.3	8,581.5	422.7
Correspondence with Creditors	0.0	81.4	32.0	0.3	30.9	144.6	83,343.0	576.4
Other	0.0	46.0	0.0	0.0	1.0	47.0	32,549.5	692.5
Total Hours	16.2	224.5	36.7	4.8	148.1	430.3	229,521.0	533.4
Unbilled WIP	11,915.0	148,406.0	21,146.5	2,204.0	45,849.5		229,521.0	

	Time Costs	Category 1	Category 2	Total
Total Costs incurred 17 Aug 2011 to 16 Aug 2020	229,521.0	18,667.1	0.0	248,188.1
Amount Billed	0.0	0.0	0.0	0.0
Unbilled WIP	229,521.0	18,667.1	0.0	248,188.1

Note: All amounts are shown net of VAT

1 Policy

Detailed below is FTI's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff Allocation and the use of Sub-contractors

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 Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Senior Consultants/Consultants may be allocated to meet the demands of the case.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard.

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	Fees drawn during period (incl VAT)
CMS Cameron McKenna (legal advice) – Joint Liquidators' lawyers	Hourly rate and disbursements	Nil
Hill Dickinson LLP (legal advice in relation to the M&R objection to closure)	Hourly rate and disbursements	£22k (Paid by FTI Consulting LLP, not out of liquidation funds)

Our choice was based on our view 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.

We have also utilised the services of other teams within FTI Consulting LLP to assist with the liquidation process. The fees of our tax team have been included in our SIP9 analysis provided to creditors of the Company and allocated to the work streams and entities to which their work related, for approval by those parties approving our fees.

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal team, we believe a more coordinated and cost-effective approach to the liquidation work streams has been possible.

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 disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. On this case no costs of this nature have been incurred.

1.4 Charge-out Rates

A schedule of FTI's charge-out rates for this assignment are as follows:

	2014 £ (Per hour)	2015 £ (Per hour)	2016 £ (Per hour)	2017 £ (Per hour)	2018 £ (Per hour)	2019 £ (Per hour)	2020 £ (Per hour)
Directors:							
Senior Managing Director	£725	£765	£795	£830	£850	£875	£900
Managing Director	£630	£665	£695	£715	£735	£755	£775
Tax Director	£630	£665	£575	£580	£590	£605	£620
Director	£550	£580	£595	£595	£610	£625	£640
Manager:							
Senior Consultants	£455	£480	£505	£525	£540	£555	£570
Other Senior Professionals:							
Consultants	£400	£420	£440	£450	£460	£475	£485
Associates	£185 - £250	£195 - £265	£210 - £285	£215 - £295	£220 - 305	£225 - 315	£230 - 325

1.5 Post-appointment time costs

The main areas of our work to date and expected future work streams have been set out in the body of the report but can be summarised as follows:

Category	Description (O – Ongoing, C – Completed, F – Future)	Rationale
Administration & Planning	<ul style="list-style-type: none"> Day 1 of appointment including communication with creditors and statutory notifications - C Complying with statutory formalities include relevant filings and statutory communications – O Maintaining the Liquidation record – O Review of Company books and records – C Case closure including statutory reporting - F 	Statutory / compliance requirement; to ensure efficient project management
Realisation of Assets	<ul style="list-style-type: none"> Dealing with VAT realisations – C Legal claims against former directors – C Analysis of Gift Aid debtors and VTL strategy – C Assignment of claims to BTG Tax LLP and subsequent termination – C Assignment of claims to Aquila - C Correspondence with Aquila regarding latest legal case developments - C 	Identify, assess and seek to realise potential value

Tax Compliance	<ul style="list-style-type: none"> • Corporation tax computations and submissions – C • VAT reclaims post-deregistration from legal advisors representing professional indemnity insurers - C 	Necessary to facilitate liquidators' legal duties and realise value
Correspondence with Creditors	<ul style="list-style-type: none"> • Dealing with Personal Indemnity claims – C • Responding to shareholder queries – O • Correspondence with Secured Lender – O • Dealing with unsecured creditor queries and queries from legal advisors representing professional indemnity insurers – O • Liaising with creditors in respect of Gift Aid schemes - C 	Statutory requirements; required for orderly case management;
Other matters	<ul style="list-style-type: none"> • Discussions with insurers regarding claims and review of defence agreement – C • Negotiating a legal settlement agreement – C • Dealing with M&R objection to the finalisation of the liquidation - O • Miscellaneous and ad-hoc tasks not falling within the categories above – O 	Necessary to deal with company liabilities and legal claims.

Note: the additional work required, as set out above, will not provide any financial benefit to creditors.