

The Insolvency Act 1986

Administrator's progress report

Name of Company
Kinetics South Limited (Formerly T A
Horn Limited)

Company number
02004668

In the
High Court of Justice
Manchester District Registry
Chancery Division

Court case number
1261 of 2011

(a) Insert full name(s) and
address(es) of the
administrator(s)

We (a) Gary N Lee and Dean Watson of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY and Neil Mather of Begbies Traynor, 32 Cornhill, London, EC3V 3BT,

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 13 July 2012

(b) 21 December 2012

Signed



Gary N Lee
Joint Administrator

Dated

11 January 2013

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP

340 Deansgate, Manchester, M3 4LY,

Tel Number 0161 837 1700

Fax Number 0161 837 1762

DX Number

ou have completed and signed this form please send it to the Registrar of Companies at
nies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE

Gary N Lee, Dean Watson and Neil Mather appointed joint administrators on 13 July 2011

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

Kinetics South Limited(Formerly T.A. Horn Limited) (In Administration)

Final Progress Report of the joint administrators pursuant to Rules 2.47 and 2.110 of The Insolvency Rules 1986

Period: 13 July 2012 to 21 December 2012

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- Interpretation
- Statutory information
- Details of appointment of administrators
- Progress during the period
- Outcome for creditors
- Administrators' proposals
- Summary of steps taken during the administration
- Pre-administration costs
- Remuneration and disbursements
- Expenses
- Creditors' rights
- Assets that remain to be realised
- Other relevant information
- Conclusion
- Appendices
 - 1 Account of receipts and payments
 - 2 Summary of administrators' proposals, including major amendments to, and deviations from them
 - 3 Time costs and disbursements
 - 4 Statement of expenses

1. INTERPRETATION

| <u>Expression</u> | <u>Meaning</u> |
|---|---|
| "the Company" | Kinetics South Limited (Formerly T A Horn Limited) (In Administration) |
| "the administration" | The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 13 July 2011 |
| "the administrators", "we", "our", "us" | Gary N Lee and Dean Watson of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY and Neil Mather of Begbies Traynor, 32 Cornhill, London, EC3V 3BT |
| "the Act" | The Insolvency Act 1986 (as amended) |
| "the Rules" | The Insolvency Rules 1986 (as amended) |
| "secured creditor" and "unsecured creditor" | Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act) |
| "security" | <ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act) |
| "preferential creditor" | Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act |

2. STATUTORY INFORMATION

| | |
|---------------------------|--|
| Name of Company | Kinetics South Limited (Formerly T A Horn Limited) |
| Trading name(s) | T A Horn Ltd (Name Changed to Kinetics South Limited on 6 6 11) |
| Date of Incorporation | 27 March 1986 |
| Company registered number | 02004668 |
| Company registered office | 340 Deansgate, Manchester, M3 4LY |

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

| | |
|---|--|
| Names of administrators | Gary N Lee and Dean Watson, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY and Neil Mather, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT |
| Date of appointment | 13 July 2011 |
| Date of resignation | n/a |
| Court | High Court of Justice, Manchester District Registry, Chancery Division |
| Court Case Number | 1261 of 2011 |
| Person making appointment | Sovereign Capital Limited Partnership II, 25 Victoria Street London, SW1 0EX |
| Acts of the administrators | The administrators act as officers of the court and as agents of the Company without personal liability Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time |
| EC Regulation on Insolvency Proceedings | The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation |
| Extensions of the administration period | The administration was extended with the consent of the secured creditor for a period of not exceeding 6 months until 12 January 2013 |

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 13 July 2012 to 21 December 2012

Sales Ledger

As you are aware, the main asset of the Company was the sales ledger which once reconciled totalled £2 376m as at 13 July 2011. You will recall that there were two types of amounts outstanding from customers, being book debts (invoices raised prior to the administrators appointment) and accrued sales (being amounts invoiced by the administrators following reconciliation of the sales ledger with the assistance of the retained staff and quantity surveyors)

The administration was originally due to come to an automatic end on 12 July 2012, being a period of one year since it took effect. As advised in our previous progress report, it was necessary to obtain the consent of the secured creditor to extend the Administration by 6 months in order to conclude the debt collection exercise. Over this period we have continued to pursue debtors for payments of several accounts and as a result, further realisations have been achieved in this period totalling £366k

Accordingly, realisations achieved from the Company's sales ledger amount to £1,545,860 80, made up of debtor receipts of £981,857 15 and accrued sales receipts of £564,003 71

It is considered that the collection exercise is now complete as the remaining balance of the Company's ledger consists of settlement write-offs, valid claims for damages under the contracts and other disputed accounts that we do not consider collectable

You will note from our initial progress report that the total realisations envisaged from book debts and accrued sales collections were estimated at £1 052m. Considerable time has been incurred by the Administrators in collecting this sales ledger and you will note that the actual realisations achieved are £493,860 80 higher than originally estimated

Bank Interest

Bank interest in the sum of £675 54 has been received in the period, taking total bank interest to £1,694 55 for the period of the administration

5. OUTCOME FOR CREDITORS

Secured creditor

As previously advised, Sovereign Capital Limited Partnership II ("Sovereign") has a fixed and floating charge debenture which was registered at Companies House on 15 June 2011

You may recall that the Company is part of the 'Kinetics Group of Companies' ("the Group") and that Sovereign funded the acquisitions of certain group companies made by SCP Renewable Energy Ltd, now named Kinetics Facility Services Ltd. The records of Kinetics Facility Services Ltd as at 13 July 2011 show a total indebtedness due to Sovereign in the sum of £12,934,747

I can confirm that the sum of £369,402 69 has been distributed to Sovereign in the period, resulting in total distributions to Sovereign during the course of the administration of £644,402 69

Preferential creditors

Preferential claims for arrears of wages, salary and holiday pay were estimated at £450,000 per the directors' statement of affairs. As previously reported, claims totalling £274,758 43 were agreed by the joint administrators and a first and final dividend of 100p/£ was paid to these preferential creditors on 19 June 2012

Unsecured creditors

Unsecured creditors were estimated at £2,644,787, per the directors' statement of affairs

There is no prospect of a dividend to the unsecured creditors in this matter other than by virtue of the prescribed part pursuant to Section 176A of the Act

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part is calculated have previously been provided in our statement of proposals and in previous progress reports

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £812k and the prescribed part of the Company's net property to be £165k

The Company has now exited administration via Creditors' Voluntary Liquidation, in accordance with the proposals approved by creditors, in order for the appointed liquidators to agree the claims of the unsecured creditors and distribute the prescribed part

Exit from administration

As creditors are already aware from previous correspondence dated 17 December 2012, we have filed the Notice of move from administration to creditors' voluntary liquidation (Form 2 34B) with the Registrar of Companies. The Notice was registered by the Registrar on 21 December 2012 and consequently the Company is in creditors' voluntary liquidation with effect from the date of registration in accordance with paragraph 83(6) of Schedule B1 to the Act. Gary N Lee and Dean Watson of Begbies Traynor (Central) LLP acting in the capacity as joint liquidators of the Company

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as deemed approved under Rule 2 33(5) of the Rules in the absence of an initial meeting of creditors

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

As you are aware, we were appointed Joint Administrators over the following 'Kinetics Group' companies ("the Group") -

| <u>Kinetics Facility Services Ltd</u> | | |
|---------------------------------------|--------------------|-----------------|
| Kinetics Midlands Ltd | Kinetics South Ltd | Sureway Gas Ltd |

Following our appointment we attended the Group's Head Office situated at Morden, Surrey, in order to obtain the necessary information required to assist us in carrying out our statutory duties as Administrators in these matters. All statutory documents confirming our appointment were filed at Court and Companies House in accordance with Insolvency Law and we wrote to all known creditors of the Company to confirm our appointment

The majority of the workforce of the Group (c550 employees) were formally made redundant by the Administrators upon appointment and we subsequently spent considerable time in dealing with queries from these employees, together with providing all necessary information to the Redundancy Payments Office in order to ensure that all employee claims were approved and processed for payments

The majority of the workforce were engineers who had use of a company van. These vans were subject to contract hire agreements and we have liaised extensively with the finance companies in this matter to locate these vehicles and ensure that these were collected.

We instructed agents, Messrs GVA Grimley, to prepare an inventory and valuation of the Company's assets, consisting of office furniture and equipment which was situated at the following leasehold premises -

- Innova Park, Mollison Avenue, Enfield, EN3 7XH ("Enfield")

- Building 600, Langstone Technology Park, Langstone Road, Havant, PO9 1SA ("Havant")

The assets at Enfield were sold by our Agents for £9,000. It was necessary to remove all company paperwork from the Enfield site and these records are being held in storage. The keys to the property were returned to the landlord following the sale of the assets.

Former employees of the Company who worked at the Havant site subsequently transferred to an unrelated company, Liberty Gas Group Ltd ("Liberty"), who took over the lease of the Havant premises. The office furniture and equipment located at Havant was sold to Liberty for £4,700.

The main asset of the Group was the sales ledger and several members of staff were retained by the Administrators to bring the Group's affairs up to date and to assist in the reconciliation and collection of the Group's sales ledgers, including that of the Company.

Following this reconciliation the Group ledger was considered to be £4.059m of which the Company's ledger totalled £2.376m.

Quantity Surveyors were instructed to assist us in reviewing all outstanding debtors and accrued sales in order to ascertain the collectability of the same and advise us on any settlements negotiated with customers in order to confirm whether these were acceptable.

Total realisations of £1.545m have been achieved from the Company's ledger and it is considered that the collection exercise is now complete. The remaining balance of the Company's ledger consists of settlement write-offs, valid claims for damages under the contracts and other disputed accounts that we do not consider collectable.

8. PRE-ADMINISTRATION COSTS

As previously reported, in the period before the Company entered administration, we incurred time costs totalling £7,381.73 (27hrs) in liaising with the Directors and the secured creditor to understand the Company's assets and liabilities and in preparing the necessary documentation to place the Company into Administration ("the Work").

It was necessary to undertake the Work prior to appointment to ensure that a suitable strategy to maximise realisations could be implemented immediately upon appointment of Administrators. Accordingly, we consider that the work has furthered the achievement of the objective of administration being pursued, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The Pre-administration costs remain unpaid.

9. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in

Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report and have been approved by the secured and preferential creditors

Our time costs for the period from 13 July 2012 to 21 December 2012 amount to £56,419 50 which represents 290 30 hours at an average rate of £194 35 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 3

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 13 July 2011 to 21 December 2012
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

Our time costs for the period from 13 July 2011 to 21 December 2012 amount to £297,765 50 which represents 1,701 hours at an average rate of £175 06 per hour

Since our appointment, we have drawn remuneration amounting to £207,500. A further £81,844 04 of Administrators fees is yet to be drawn, which will be paid from the Administration surplus that has now been transferred to the liquidation bank account. It should be noted that a considerable amount of time in relation to this matter amounting to £8,421 46 has been written off as irrecoverable by the Administrators.

Disbursements of £5,419 68 have been drawn, together with category 2 disbursements in the total sum of £51 75, details of which are provided in the narrative summary of time costs incurred which is at Appendix 2.

In addition to the table of time spent by us (as administrators) and our staff in attending to matters arising in the administration for the period covered by this progress report, a cumulative table of time spent and charge out value for the period from 13 July 2011 to 21 December 2012 and a description of the work undertaken by us and our staff since our appointment (contained in the narrative summary of time costs incurred) are also attached at Appendix 3.

10. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2 48A of the Rules, 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 including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 2 109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us as set out in this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

12. ASSETS THAT REMAIN TO BE REALISED

There are no assets of the Company that remain to be realised

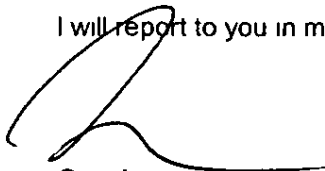
13. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. We have complied with our duties in this respect

14. CONCLUSION

I will report to you in my capacity as joint liquidator in due course



Gary Lee
Former Administrator

Date 11 January 2013

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 13 July 2012 to 21 December 2012

| ETR per Statement of Affairs (£) | ASSET REALISATIONS | Period 13 7 11 to 12 1 12 (£) | Period 13 1 12 to 12.7 12 (£) | Period 12 7 12 to 21 12 12 (£) | Total (duration of Administration) (£) |
|---|--|-------------------------------------|-------------------------------------|---|--|
| | Furniture & Equipment | 50 00 | 0 00 | 0 00 | 50 00 |
| | Motor Vehicles | 7,450 00 | 0 00 | 750 00 | 8,200 00 |
| 9,000 00 | Sale of Enfield Assets | 6,700 00 | 0 00 | 0 00 | 6,700 00 |
| | Accrued Sales/WIP | 179,575 99 | 384,427 72 | 0 00 | 564,003 71 |
| 498,000 00 | Book Debts | 552,475 23 | 62,887 31 | 366,494 61 | 981,857 15 |
| 49,178 00 | Cash at Bank | 49,178 01 | 76 00 | 0 00 | 49,254 01 |
| | Sale of Havant Assets | 4,700 00 | 0 00 | 0 00 | 4,700 00 |
| | Bank Interest Gross | 108 68 | 910 33 | 675 54 | 1,694 55 |
| | Zolfo contribution to costs | 65,144 77 | 7,174 42 | 0 00 | 72,319 19 |
| | Miscellaneous Refund | 31 03 | 0 00 | 0 00 | 31 03 |
| 556,178 00 | | 865,413 71 | 455,475.78 | 367,920 15 | 1,688,809 64 |
| | COST OF REALISATIONS | | | | |
| | Mobile Phone Charges | 1,053 31 | 285 30 | 0 00 | 1,338 61 |
| | Vehicle Hire | 4,594 83 | 0 00 | 0 00 | 4,594 83 |
| | Health Care - Bupa | 126 37 | 0 00 | 0 00 | 126 37 |
| | IT costs | 1,204 25 | 279 50 | 0 00 | 1,483 75 |
| | Skip Clearance | 450 00 | 0 00 | 0 00 | 450 00 |
| | Server Hire | 5,087 30 | 0 00 | 0 00 | 5,087 30 |
| | Sovereign Capital - Floating Charge Distribution | 0 00 | 275,000 00 | 369,402 69 | 644,402 69 |
| | Office Holders Fees | 0 00 | 100,000 00 | 107,500 00 | 207,500 00 |
| | Office Holders Expenses | 0 00 | 0 00 | 5,471 43 | 5,471 43 |
| | Quantity Surveyors Fees | 3,750 00 | 5,000 00 | 0 00 | 8,750 00 |
| | Debt Collection Costs - Havant | 3,280 06 | 56,048 48 | 0 00 | 59,328 54 |
| | Debt collection commission | 6,484 69 | 8,095 16 | 0 00 | 14,579 85 |
| | Agents Fees | 5,060 00 | 500 00 | 0 00 | 5,560 00 |
| | Agents Expenses | 303 20 | 320 00 | 0 00 | 623 20 |
| | Legal Fees (1) | 1,000 00 | 4,000 00 | 7,000 00 | 12,000 00 |
| | Legal Fees (2) | 70 00 | 1 00 | 0 00 | 71 00 |
| | Corporation Tax | 0 00 | 0 00 | 338 80 | 338 80 |
| | Printing | 141 75 | 0 00 | 0 00 | 141 75 |
| | Storage Costs | 0 00 | 0 00 | 13,660 65 | 13,660 65 |
| | Statutory Advertising | 76 50 | 0 00 | 0 00 | 76 50 |
| | Pension | 2,646 49 | 0 00 | 0 00 | 2,646 49 |
| | Wages & Salaries | 62,731 17 | 0 00 | 0 00 | 62,731 17 |
| | PAYE & NI | 43,116 39 | 0 00 | 0 00 | 43,116 39 |
| | Bank Charges | 124 85 | 48 00 | 24 00 | 196 85 |
| | Staff expenses | 17,420 05 | 271 38 | 0 00 | 17,691 43 |
| | RPO re Arrears/Holiday Pay | 0 00 | 193,150 51 | 0 00 | 193,150 51 |
| | Employees re Arrears/Holiday pay | 0 00 | 60,086 64 | 0 00 | 60,086 64 |
| | HMRC Tax/NI | 0 00 | 21,521 28 | 0 00 | 21,521 28 |
| | Surplus Funds to Liquidator | 0 00 | 0 00 | 302,083 61 | 302,083 61 |
| | | 158,721 21 | 724,607.25 | 805,481 18 | 1,688,809 64 |
| | Balance | 706,692.50 | | | 0 00 |

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986

It is proposed that

- 1 The Joint Administrators propose to realise the assets of the Company in order to achieve the objective specified in subparagraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
- 2 The Joint Administrators propose in the interim to take all necessary actions to preserve the value of the Company's assets
- 3 Once the Administration is complete and the Joint Administrators think that the purpose of the Administration has been achieved, the Joint Administrators propose to move from Administration to Creditors' Voluntary Liquidation under the provisions of Paragraphs 83 of Schedule B1 to the Insolvency Act 1986. In accordance with Paragraph 83(7) and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate a different person to be Liquidator provided that the nomination is made after receipt of the proposals and before the proposals are approved. Any nomination should be made in writing. It is proposed that Gary Lee and Dean Watson, Licensed Insolvency Practitioner's of Begbies Traynor be appointed Joint Liquidators of the Company
- 4 The Joint Administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and may draw their remuneration on account as and when funds permit

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. The Joint Administrators will be reimbursed for their incidental expenses. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the Administrators' licensing bodies.

A copy of this Firm's policy note on fees and disbursements, to include details of the hourly rates charges by the relevant grades of staff, together with a summary of time costs are attached at Appendix 3

- 5 That the Administrators pre-appointment remuneration be approved
- 6 Once the Administration is complete and the Joint Administrators think that the purpose of the Administration has been achieved, then the creditors, in accordance with paragraph 98(2) of Schedule B1 to the Insolvency Act 1986, hereby consent to the Administrator being discharged from liability in respect of any action as Administrator

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and,
- d Table of time spent and charge-out value for the period from 13 July 2012 to 21 December 2012,
- e Cumulative table of time spent and charge-out value for the period from 13 July 2011 to 21 December 2012

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories.

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 45 pence per mile
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Manchester office as at the date of this report are as follows

| | Standard 1 May 2011 – until further notice Regional |
|-----------------------|--|
| Partner | 395 |
| Director | 345 |
| Senior Manager | 310 |
| Manager | 265 |
| Assistant Manager | 205 |
| Senior Administrator | 175 |
| Administrator | 135 |
| Trainee Administrator | 110 |
| Support | 110 |

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME Kinetics South Limited (Formerly T A. Horn Limited)

CASE TYPE ADMINISTRATION

OFFICE HOLDERS Gary N Lee, Dean Watson and Neil Mather

DATE OF APPOINTMENT 13 July 2011

1 CASE OVERVIEW

1 1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1 2 **Complexity of the case**
Please refer to the report for details of the case and its complexity

1 3 **Exceptional responsibilities**
None

1 4 **The office holders' effectiveness**
Please refer to the report for details of the office holders' effectiveness

1 5 **Nature and value of property dealt with by the office holders'**
Please refer to the report for details of the nature and value of the property dealt with by the office holders'

1 6 **Anticipated return to creditors**
Please see section 5 of the report

1 7 **Time costs analysis**
An analysis of time costs incurred between 13 July 2012 and 21 December 2012 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

1 8 **The views of the creditors**
Creditors have been kept up to date throughout the duration of the administration

1 9 **Approval of fees, Expenses and Disbursements**
Our remuneration has been fixed by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report and have been approved by the secured and preferential creditors

Our time costs for the period from 13 July 2012 to 21 December 2012 amount to £56,419 50 which represents 290 30 hours at an average rate of £194 35 per hour

Our time costs for the period from 13 July 2011 to 21 December 2012 amount to £297,765 50 which represents 1,701 hours at an average rate of £175 06 per hour

Since our appointment, we have drawn remuneration amounting to £207,500 A further £81,844 04 of Administrators fees is yet to be drawn, which will be paid from the Administration surplus that has now been transferred to the liquidation bank account It should be noted that a considerable amount of time in relation to this matter amounting to £8,421 46 has been written off as irrecoverable by the Administrators

Disbursements of £5,419 68 have been drawn, together with category 2 disbursements in the total sum of £51 75, details of which are provided in the narrative summary of time costs incurred which is at Appendix 2

In addition to the table of time spent by us (as administrators) and our staff in attending to matters arising in the administration for the period covered by this progress report, a cumulative table of time spent and charge out value for the period from 13 July 2011 to 21 December 2012 and a description of the work undertaken by us and our staff since our appointment (contained in the narrative summary of time costs incurred) are also attached at Appendix 3

1 10 Category 2 Disbursements

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of my appointment

| Other amounts paid or payable to the office holder's firm | |
|---|----------|
| Type and purpose | Amount £ |
| Mileage | £51 75 |
| TOTAL | £51 75 |

1 11 Other professionals employed & their costs

George Davies (Solicitors), GVA Grimley (Agents) and Naismiths (Quantity Surveyors) were instructed in this matter I would confirm that, fees in the sum of £12,071, £6,183 20 and £10,000 respectively have been paid to these professionals

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix

Time costs analysis for the period from 13 July 2012 to 21 December 2012

| Staff Grade | Hours | | | | | | | | | Time cost £ | Average hourly rate | | | |
|--------------------------------|--|----------|----------------|---------|-------------------|----------------------|---------------|----------------------|---------|-------------|---------------------|-------------|--------|--------|
| | Partner | Director | Senior Manager | Manager | Assistant Manager | Senior Administrator | Administrator | Junior Administrator | Support | | | Total hours | | |
| Administration and planning | 12 60 | - | - | 3 30 | - | 1 50 | 7 10 | - | - | 24 50 | 7,073 | 288 67 | | |
| | 1 30 | - | - | 19 50 | - | 4 10 | 9 40 | 20 90 | 8 50 | 63 70 | 10,902 | 171 14 | | |
| | - | - | - | 1 30 | - | 10 00 | 12 00 | - | - | 23 30 | 3,715 | 159 42 | | |
| | Statutory reporting and statement of affairs | | | | | | | | | | | | | |
| Investigations | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | CDDA and investigations | | | | | | | | | | | | | |
| | Realisation of assets | | | | | | | | | | | | | |
| | 23 90 | - | - | 15 90 | - | - | 22 20 | 4 00 | 51 80 | - | 117 80 | 23,777 | 201 84 | |
| Debt collection | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | Retention of Title/Third party assets | | | | | | | | | | | | | |
| Trading | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | Trading | | | | | | | | | | | | | |
| | Creditors | | | | | | | | | | | | | |
| | 7 60 | - | - | 3 60 | - | - | - | - | - | - | 11 20 | 3,956 | 353 21 | |
| Secured | - | - | - | 3 00 | - | 1 00 | 39 60 | 4 10 | - | 47 70 | 6,767 | 141 87 | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | Creditors' committee | | | | | | | | | | | | | |
| | Other matters | | | | | | | | | | | | | |
| Meetings | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | 2 10 | - | 2 10 | 231 | 110 00 | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Tax | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Total hours by staff grade | | | | | | | | | | | 290 30 | 8 50 | 56,420 | 194 35 |
| Total time cost by staff grade | | | | | | | | | | | 935 | | | |
| Average hourly rate £ | | | | | | | | | | | 110 00 | | | |
| Total fees drawn to date | | | | | | | | | | | 207,500 | | | |

Kinetics South Limited

207,500

Total fees drawn to date

STATEMENT OF EXPENSES

| Type of expense | Name of party with whom expense incurred | Amount incurred £ | Amount discharged £ | Balance (to be discharged) £ |
|-----------------------------------|--|----------------------|------------------------|---------------------------------|
| Agent's fees & Expenses | GVA Grimley Ltd | 6,183 20 | 6,183 20 | Nil |
| Legal fees | George Davis Solicitors | 12,000 | 12,000 | Nil |
| Legal disbursements | George Davis Solicitors | 71 00 | 71 00 | Nil |
| Statutory advertising | Courts Advertising Ltd | 76 50 | 76 50 | Nil |
| Printing | MPG Print | 141 75 | 141 75 | Nil |
| Quantity Surveyor Fees | Naismiths Ltd | 8,750 | 8,750 | Nil |
| Storage Costs (books and records) | Archive Solutions Ltd | 14,039 90 | 13,660 65 | 379 25 |

There is a balance of £302,083 61 which has now been transferred to the joint liquidators and will be used to discharge the remaining administration liabilities (storage costs, Administrators Fees etc)

Accordingly, the balance of funds will be distributed to the unsecured creditors by the joint liquidators in due course when the Company's net property has been calculated and all unsecured claims agreed