

## Section 106

Return of Final Meeting in a  
Creditors' Voluntary Winding UpPursuant to Section 106 of the  
Insolvency Act 1986

To the Registrar of Companies

**S.106**

Company Number

05929594

Name of Company

Kinetics Holdings Limited

   / We

Gary N Lee, C/O Begbies Traynor, 340 Deansgate, Manchester, M3 4LY

Dean Watson, C/O Begbies Traynor, 340 Deansgate, Manchester, M3 4LY

Note: The copy account must be  
authenticated by the written  
signature(s) of the Liquidator(s)

1. give notice that a general meeting of the company was duly held on/~~summoned for~~ 19 February 2015 pursuant to section 106 of the Insolvency Act 1986, for the purpose of having an account (of which a copy is attached) laid before it showing how the winding up of the company has been conducted, and the property of the company has been disposed of, and ~~that the same was done accordingly~~ no quorum was present at the meeting;

2. give notice that a meeting of the creditors of the company was duly held on/~~summoned for~~ 19 February 2015 pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having the said account laid before it showing how the winding up the company has been conducted and the property of the company has been disposed of and ~~that the same was done accordingly~~ no quorum was present at the meeting.

The meeting was held at 340 Deansgate, Manchester, M3 4LY

The winding up covers the period from 20 December 2012 (opening of winding up) to the final meeting (close of winding up).

The outcome of any meeting (including any resolutions passed) was as follows:

The report and account previously circulated to creditors was laid before the meeting

No quorum was present at the meeting

Signed

Gary N Lee

Date 19 February 2015

Begbies Traynor (Central) LLP  
340 Deansgate  
Manchester  
M3 4LY

Ref: KI059CVL/GNL/DW/JRF/CJJ

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## Kinetics Holdings Limited (In Creditors' Voluntary Liquidation)

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Final report and account of the liquidation pursuant to  
Section 106 of the Insolvency Act 1986 and Rule 4.126 of  
the Insolvency Rules 1986

Period: 20 December 2012 to 19 December 2014

## Important Notice

This report has been produced solely to comply with our statutory duty to report to creditors and members pursuant to Section 106 of the Insolvency Act 1986. This report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Kinetics Holdings Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The Company moving into creditors' voluntary liquidation from administration pursuant to Paragraph 83 of Schedule B1 to the Act
"the liquidators", "we", "our" and "us"	Gary N Lee and Dean Watson of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"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"	(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

This is our final report and account of the liquidation and should be read in conjunction with the progress reports to creditors dated 21 January 2014.

## 2. COMPANY INFORMATION

Trading name(s):	Kinetics Holdings Limited
Company registered number:	05929594
Company registered office:	340 Deansgate, Manchester, M3 4LY
Former trading address:	181-189 Garth Road, Morden, Surrey, SM4 4LL

## 3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced:	20 December 2012
Date of liquidators' appointment:	20 December 2012
Changes in liquidator (if any):	None

## 4. PROGRESS SINCE APPOINTMENT

As advised in our progress report dated 21 January 2014, the liquidators have spent considerable time in agreeing the claims of the unsecured creditors and making the Prescribed Part distribution, further details of which are provided at Section 5 of this report.

It was also necessary for the liquidators to convene a meeting of creditors, summoned pursuant to Rule 4.54 of The Insolvency Rules 1986, to seek approval of their remuneration and disbursements. This meeting was held on 4 March 2013 and a resolution was passed approving the same.

Attached at Appendix 1 is our abstract of receipts and payments for the period from 20 December 2012 to 19 February 2015 (final meeting date).

### Receipts

#### Administration Surplus

The majority of assets of the Company were realised in the Administration, resulting in an Administration surplus in sum of £66,735.41 being transferred to the Liquidation.

#### Dividend from Kinetics Group Limited

Zolfo Cooper were appointed Administrators of Kinetics Group Limited ("KGL") on 9 June 2011 and were subsequently appointed Liquidators of KGL on 7 August 2013.

The Company was considered to be a significant creditor of KGL and, on 6 May 2014, the Company received notice of intended dividend from KGL, pursuant to Rule 11.2 of the Insolvency Rules 1986.

In order for the Company's claim against KGL to be submitted, a considerable amount of time was incurred in collating the records to substantiate the Company's claim against KGL.

It was ultimately considered that the sum of £13,822,153 was due to the Company from KGL and a claim for this amount was subsequently submitted to the liquidators of KGL.

The Company's claim of £13,822,153 was agreed and admitted to rank for dividend purposes and a dividend in the sum of £46,549.57 was received from Zolfo Cooper, the liquidators of KGL, on 30 June 2014.

#### Bank Interest

The only other realisation in the Liquidation relates to bank interest received in the sum of £209.71.

#### Payments

All payments in the liquidation, as per the attached receipts and payments account, are explained below, however, should any creditor require a more detailed explanation it would be appreciated if they could contact the case administrator or manager to answer any queries they may have.

#### Administrators Fees

You will note from the administrators' final progress report that at the date of the liquidators appointment, the Administrators had outstanding fees in sum of £6,584.98. These fees have been discharged from the Administration surplus that was transferred to the Liquidation.

#### Liquidators Fees

As advised in our progress report for the period 20 December 2012 to 19 December 2013, fees in the sum of £5,000 had been raised by the Joint Liquidators.

I can confirm that further fees of £37,500 have been drawn since our last report and, prior to the final meetings of members and creditors, convened for 19 February 2015, a further fee of approximately £7,617.32 will be drawn by the liquidators, with any outstanding time costs being written off as irrecoverable.

#### Statutory Advertising

During the period, statutory advertising costs in respect of advertising the appointment of liquidators and notice to creditors to submit claims in the sum of £253.80 have been paid.

In addition to the above, the liquidators have a duty to advertise the final meetings of members and creditors and a further payment in the sum of £84.60 will be paid by the joint liquidators in due course, taking total advertising costs to £338.40.

#### Corporation Tax

Corporation tax in the sum of £37.80 has been paid in relation to the period 20 December 2012 to 19 December 2013, whilst we estimate that a further £4 will be payable for the periods 20 December 2013 to 19 December 2014 and 20 December 2014 to 19 February 2015.

#### Liquidators Disbursements

To 19 December 2014, disbursements in the sum of £188.59 have been incurred and can be split as follows:

Other amounts paid or <b>payable to the office holder's firm</b>	
Type and purpose	Amount £
Storage (Company books and records)	6.24
Bonding (Liquidators' insurance)	117.35
Travel costs (meeting with Sovereign)	65.00
TOTAL	188.59

The Liquidators hold one box of company records in storage and, in addition to the above; a further £2.88 of storage charges will be incurred for the 6 month period from September 2014 to February 2015 in respect of the same, taking disbursements to £191.47.

At the date of this report, no disbursements have been paid and I would advise that the above will be drawn prior to the final meeting of members and creditors, which have been convened for 19 February 2015.

#### Storage costs

The Liquidators are required to retain Company books and records for 15 months after the final meetings of members and creditors, which have been convened for 19 February 2015.

In addition, the liquidators are also required to retain their working case files for 6 years after the final meetings and, therefore, additional storage charges have been accounted for in respect of the same.

I have requested details of the above costs from our storage providers; however, I have estimated the same to be as follows:

Books and Records	£9.20
Case Files (one box)	£36.56
Total	£45.76

The above additional storage charges have been recorded separately with the R&P at appendix 1.

Please refer to appendix 2 for further details of the liquidators' disbursements.

#### Creditor distributions

A total sum of £56,174.96 has been distributed to the secured and unsecured creditors in this matter. Further details are provided at Section 5 (below).

## 5. OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the director's statement of affairs included in the statement of proposals of the former administrators.

The sums owed to creditors at the date of appointment based upon the information detailed in the directors' statement of affairs submitted to the former administrators, are as follows:

#### Secured creditors

Sovereign Capital Limited Partnership II ("Sovereign") has a fixed and floating charge debenture which was registered at Companies House on 20 December 2006.

The Company provided a cross guarantee to Sovereign in respect of any shortfall suffered in other related entities. This shortfall was estimated at £49m at the time that the Statement of Affairs was produced.

Floating charge distributions of £180,000 were made to Sovereign during the course of the administration, with a further £21,174.96 being distributed during the period of the Liquidation.

#### Preferential creditors

The Company had no employees and, therefore, there are no preferential creditors in this matter.

## Unsecured creditors

Unsecured creditors were estimated at £775,698 in the directors estimated statement of affairs provided during the Administration of the Company.

The liquidators advertised for claims in this matter and received a number of significant claims that were excluded from the directors estimated statement of affairs. All supporting documentation was received to enable these claims to be fully reviewed and it transpired that these claims related to other group liabilities for which the Company had provided cross guarantees (similar to the guarantee provided to Sovereign as detailed above).

Claims totalling £2,652,596.67 were agreed to rank for dividend from the Prescribed Part, as detailed in the following section.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the liquidator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

A liquidator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the liquidator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Prior to the additional realisation achieved from KGL, we had 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 £230,218.70 and the prescribed part of the Company's net property to be £49,043.74.

The dividend received from KGL ultimately improved the net property and prescribed part fund to £255,218.70 and £54,043.74 respectively.

After costs, a total sum of £35,000 was distributed to unsecured creditors under the prescribed part, representing a total distribution of 1.32 pence in the pound. This distribution was paid to creditors as follows: -

Dividend	Date of Dividend	Amount (pence in £)
First	7 November 2013	1.13p
Second	13 August 2014	0.19p

As we have previously advised by letter dated 19 December 2014, there are insufficient funds to pay a further dividend as the balance of funds realised have already been distributed or used or allocated for defraying the expenses of the liquidation.



## 6. REMUNERATION & DISBURSEMENTS

At a meeting held pursuant to Rule 4.54 of The Insolvency Rules 1986, our remuneration was approved by reference to the time properly given by us (as liquidators) 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 liquidation.

Our disbursements were also approved at the meeting held pursuant to Rule 4.54 of The Insolvency Rules 1986 and, pursuant to Statement of Insolvency Practice 9, we are also 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, a copy of which is attached at Appendix 2 of this report.

Our time costs for the period from 20 December 2013 to 19 December 2014 amount to £30,456.50 which represents 141.30 hours at an average rate of £215.54 per hour.

Our time costs for the period from 20 December 2012 to 19 December 2014 amount to £59,638 which represents 260 hours at an average rate of £229.38 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2:

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 20 December 2013 to 19 December 2014
- ☐ Table of time spent and charge-out value for the period 20 December 2012 to 19 December 2014
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

In addition to the time costs information disclosed at Appendix 2 for the period since our last progress report, our previous progress report contained details of the time costs we had incurred as at the date of that report.

To 19 December 2014, we have drawn the total sum of £42,500 on account of our remuneration, against total time costs of £59,638 incurred since the date of our appointment. Prior to the final meetings of members and creditors, convened for 19 February 2015, a fee of approximately £7,617.32 will be drawn by the liquidators, with any outstanding time costs being written off as irrecoverable.

To 19 December 2014, we have not drawn any disbursements in this matter; however, as outlined in section 4 disbursements of £191.47 will be drawn prior to the final meetings, which have been convened for 19 February 2015.

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

## 7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during since our last progress report is attached at Appendix 3.

## 8. UNREALISABLE ASSETS

There are no assets that have proved to be unrealisable.

## 9. OTHER RELEVANT INFORMATION

### Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. We can confirm that we have discharged our duties in these respects.

### Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

## 10. CONCLUSION

This report and account of receipts and payments will be laid before final meetings of the Company and the creditors to be held on 19 February 2015 in accordance with Section 106 of the Act. Formal notice of the meetings and a proxy form are enclosed with the covering letter accompanying this report.

The meetings are a formal requirement of liquidation procedure and are a prelude to the formal dissolution of the Company, which will occur automatically, approximately three months later. Unless creditors otherwise resolve, pursuant to Section 173(2) of the Act we will be released from liability at the time that we vacate office.

Although the meetings are rarely attended, if any creditor wishes to attend the meeting, it would assist us in making the necessary administrative arrangements if you would inform the case manager by telephone. This is particularly important for any creditor wishing to attend who considers that the proposed venue is inconvenient. In that event we will consider reconvening the meetings at an alternative venue to be agreed. Any such request should be made within the next seven days so that we may inform all creditors of the revised arrangements. Alternatively, if you wish a proxy to attend on your behalf, the proxy form should be returned to our office by 12 noon on the business day before the meeting. Please note that we will not accept receipt of completed proxy forms by email. Submission of proxy forms by email will lead to the proxy being held invalid and the vote not cast.

Should you require further explanation of any matters contained within this report, you should contact our office and speak to the case administrator, Chris Jones in the first instance, who will be pleased to assist.



Gary Lee  
Joint Liquidator

Dated: 19 December 2014

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 20 December 2012 to 19 December 2015

	Period: 20/12/12 to 19/12/13 £	Period: 20/12/13 to 19/12/14 £	Future: 20/12/14 to 19/2/15 £	Total Period: 20/12/12 to 19/02/15 £
<b>ASSET REALISATIONS</b>				
Bank Interest Gross	189.26	20.45	0.00	209.71
Administrators Surplus	66,735.41	0.00	0.00	66,735.41
Dividend from KGL	0.00	46,549.57	0.00	46,549.57
	66,924.67	46,570.02	0.00	113,494.69
<b>COST OF REALISATIONS</b>				
Administrator Fees	(6,584.98)	0.00	0.00	(6,584.98)
	(5,000.00)	(37,500.00		
Liquidator Fees		)	(7,617.32)	(50,117.32)
Corporation Tax	0.00	(37.80)	(4.00)	(41.80)
Stat Advertising	(253.80)	0.00	(84.60)	(338.40)
Liquidators disbursements	0.00	0.00	(191.47)	(191.47)
Storage costs	0.00	0.00	(45.76)	(45.76)
	(11,838.78	(37,537.80		
	)	)	(7,943.15)	(57,319.73)
<b>FLOATING CHARGE CREDITORS</b>				
	(1,174.96)	(20,000.00		
Distributions to Sovereign		)	0.00	(21,174.96)
	(1,174.96)	(20,000.00	0.00	(21,174.96)
		)		
<b>UNSECURED CREDITORS</b>				
	(30,000.00			
Trade Creditors	)	(5,000.00)	0.00	(35,000.00)
	(30,000.00			
	)	(5,000.00)	0.00	(35,000.00)
		(15,967.78		
BALANCE	23,910.93	)	(7,943.15)	0.00



Gary N Lee  
Joint  
Liquidator

## 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;
- d. Table of time spent and charge-out value for the period from 20 December 2013 to 19 December 2014;  
and
- e. Table of time spent and charge-out value for the period from 20 December 2012 to 19 December 2014.

## **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 guidance<sup>2</sup> 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 and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance<sup>2</sup> 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 AN INSOLVENT ESTATE**

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 AN INSOLVENT ESTATE**

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*)<sup>3</sup> 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;

(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:

	<b>Standard 1 May 2011 – until further notice Regional</b>
Partner	395
Director	345
Senior Manager	310
Manager	285
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

## 20 December 2013 to 19 December 2014

[illegible]

## 20 December 2012 to 19 December 2014

[illegible]

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## STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Corporation tax	HM Revenue and Customs	41.80	41.80	0.00
Statutory Advertising	Courts Advertising Ltd	338.40	338.40	0.00
Insurance bond	AUA Insolvency Risk Services	117.35	117.35	0.00
Storage costs	Restore PIC	54.88	54.88	0.00
Travel costs	Fuel	65	65	0.00