In accordance with Rule 3.35 of the Insolvency (England & Wales) Rules 2016 & Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986

AM03
Notice of administrator's proposals

Companies House

SATURDAY

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A08 02/11/2019 #13
COMPANIES HOUSE

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1 Company details

Company number	0 7 1 9 9 9 7 6
Company name in full	Migration Solutions Holdings Limited

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	Matthew David
Surname	Smith

3 Administrator's address

Building name/number	1 New Street Square
Street	London
Post town	EC4A 3HQ
County/Region	
Postcode	
Country	

4 Administrator's name ❶

Full forename(s)	Matthew James
Surname	Cowlishaw

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	Four Brindleyplace
Street	Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6	**Statement of proposals**	
	☑ I attach a copy of the statement of proposals	
7	**Sign and date**	
Administrator's Signature	Signature ✕ ✕	
Signature date	d3 d1 m1 m0 y2 y0 y1 y9	

AM03
Notice of Administrator's Proposals

Presenter information

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

Contact name	Aaron Banks
Company name	Deloitte LLP
Address	1 New Street Square
	London
Post town	EC4A 3HQ
County/Region	
Postcode	
Country	
DX	
Telephone	+44 121 632 6000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Deloitte.

Migration Solutions Holdings Limited (in administration)

("the Company")

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act").

Court Case No. 5880 of 2019
High Court of Justice, Business and Property
Company Number: 7199976

Registered Office: c/o
Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Matthew David Smith and Matthew James Cowlishaw ("the Joint Administrators") were appointed Joint Administrators of the Company on 5 September 2019 by the directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

31 October 2019

Deloitte.

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ
UK
Tel: +44 (0) 121 632 6000
Fax:+44 (0) 121 695 5678
www.deloitte.co.uk

Migration Solutions Holdings Limited (in administration)

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administration.

We do not think that the Company has sufficient property to enable a distribution to be made to unsecured creditors. As such we are not required to ask creditors to approve our Proposals unless requested to do so by creditors whose total debts amount to at least 10% of the total debts of the Company.

If you would like to ask us to hold a decision procedure to consider our Proposals please complete a Form for Requisitioned Decisions which is available for download from the website set up for the administration at www.ips-docs.com and return it to us by post or email no later than 12 November 2019. Please note that a deposit of £1,000 will be required towards the costs of initiating the decision procedure; such deposit may be refunded as an expense of these proceedings under Rule 15.19(4) Insolvency (England & Wales) Rules 2016 ("the Rules"), if so decided by creditors.

In the event that a request for a decision procedure is not received by us within the above deadline, our Proposals will be deemed approved on 12 November 2019 and a notice to that effect will be filed at Companies House.

We have also included the following information in this report:

- background of the Company;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administration to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administration (Appendix D).

Yours faithfully
For and on behalf of the Company

Joint Administrators

Key messages

Key messages

Joint Administrators of the Company

Matthew David Smith

Matthew James Cowlishaw

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HZ

Contact details

Email: aabanks@deloitte.co.uk

Website: www.ips-docs.com

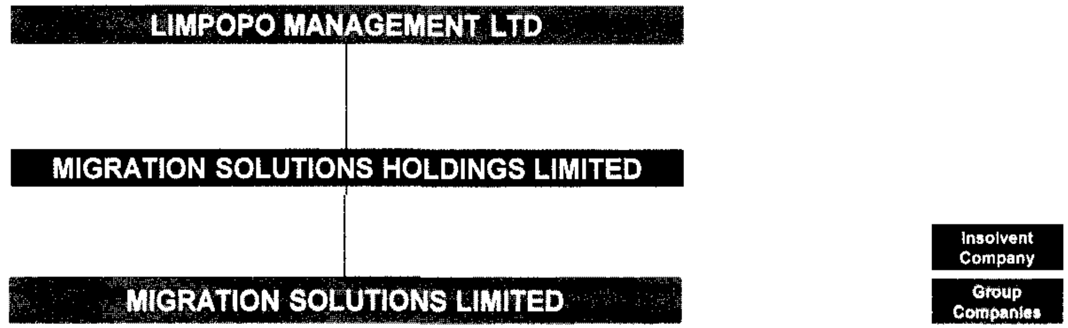
Tel: 0121 695 5827

Date Proposals delivered to creditors: 31 October 2019

	Commentary
Purpose of the administration	• The purpose of the administration will be to achieve a better result for the Company's creditors as a whole than a liquidation.
Joint Administrators' strategy	• The Company will continue to trade on a reduced basis to enable a managed wind down of the business, primarily to facilitate the migration of customer contracts. The wind down is is being funded and supported by the Company's Secured Creditor. Please refer to page 11 for further details.
Approval of the Proposals	• As there is unlikely to be any funds being returned to unsecured creditors, our Proposals will be deemed approved by creditors unless a decision procedure is requested under Rule 15.18. Please refer to page 1 for further details. • Please note that hard copies of any of these documents will be provided to you free of charge on request using any of the contact details provided to the left of this page.
Estimated Timescale	• On current information the duration of the administration is not likely to exceed 12 months following which it is anticipated that the Company will move to dissolution as detailed at page 14.
Estimated Costs and Estimate of work required to be done	• We propose to charge our fees on the following basis: – A fixed fee of £170k to manage the wind down of the business and to complete all statutory compliance and reporting requirements. – We have provided an outline of the work we propose to undertake and our anticipated costs for so doing at page 16 and Appendix C1. • We anticipate that disbursements of approximately £1.4k will be incurred over the duration of the appointment as detailed on page 24. • We anticipate that third party costs in relation to legal fees will be in the region of £50k over the duration of the appointment as detailed on page 16.
Estimated Outcomes	On current information, we anticipate the following outcome for each category of creditor: – Secured creditor – The secured creditor will not be repaid in full. – *Preferential creditors – There will be insufficient floating charge realisations to enable* payment to preferential claims. – Unsecured creditors – insufficient funds will be realised to allow a distribution for unsecured creditors including under the prescribed part.
Proposals	• Our Proposals for managing the business and affairs of the Company can be found on page 25.

Background

Background
The Company



Background

The Company was incorporated in 2010 and operates two data centres from leasehold premises in Norwich. The properties are owned by a sister subsidiary company of the ultimate beneficial owner. The data centre hosts IT severs for c.30 clients and provides secure modern data storage solutions for its customers.

The Company also operates its administrative function from leasehold premises in Lingfield.

Employees

As at date of appointment, the Company employed 19 staff.

Group Structure Chart

A summarised group structure chart at the date of our appointment is set out above.

Limpopo Management Ltd is the parent company of the Company. Migration Solutions Limited is dormant but is the counter party for a number of contractual obligations for services provided to the Company.

As at the date of the Joint Administrators' appointment, the directors of the Company were David Manning and John Herring. There was no Company Secretary in place.

Background
Summary financials

Summary profit and loss account

£'	Management Accounts for 12 months to 30-Jun-19	Management Accounts for 12 months to 31-Dec-18	Statutory Accounts for 12 months to 31-Dec-17
Turnover	290,637	681,343	488,133
Cost of Sales	(1,232,413)	(2,730,205)	(2,678,483)
Gross Profit	**(941,776)**	**(2,048,862)**	**(2,190,350)**
Gross Margin %	**(3)**	(3)	(4)
Other Expenses	(120,361)	(175,761)	(134,825)
(L)/EBIT	**(1,062,137)**	**(2,224,623)**	**(2,325,175)**

Summary balance sheet

£'	Management Accounts as at 30-Jun-19	Management Accounts for 12 months to 31-Dec-18	Statutory Accounts as at 31-Dec-17
Tangible assets	71,771	89,374	104,083
Intangible assets	329,528	313,650	231,618
Investments		-	-
Fixed assets	**401,299**	**403,024**	**335,701**
Cash at Bank	29,902	43,880	296,980
Debtors	2,254,697	2,253,475	2,510,198
Other	-	-	-
Current Assets	**2,284,599**	**2,297,355**	**2,807,178**
Trade creditors & Other Creditors	(5,280,728)	(4,625,588)	(3,320,210)
Limpopo Management Ltd	(19,274,750)	(18,204,750)	(16,200,050)
Bank	-	-	-
Total Liabilities	**(24,555,478)**	**(22,830,338)**	**(19,520,260)**
Net Liabilities	**(21,869,580)**	**(20,129,959)**	**(16,377,381)**

Overview of financial information

Extracts from the Company's management accounts for the six months to 30 June 2019 and 12 months to 31 December 2018, together with statutory accounts for the 12 months to 31 December 2017, are shown above.

Please note that this financial information has not been verified by the Joint Administrators or by Deloitte.

Profit and loss commentary

The Company has been incurring significant losses for a number of years. This has been driven by low customer occupancy rates at the data centres coupled by high fixed overhead costs.

Balance sheet commentary

Tangible assets principally comprise data centre equipment and office furniture located at the data centres and administrative office. Current assets include trade debtors, prepayments and other debtors.

Background
Joint Administrators' appointment

Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

The Company has been loss making since incorporation, primarily due to low customer occupancy levels at the data centres in Norwich and high fixed overhead costs. The business operates from a state of the art data centre facility, however the directors have been unable to entice sufficient numbers of new customers, resulting in one of the data centres lying vacant. The business has failed to generate sufficient revenues to cover its cost base.

Accordingly, the directors approached Limpopo Management Limited, in its capacity as shareholder and secured creditor ("the Secured Creditor") to discuss a solution to the Company's financial difficulty.

Steps taken to remedy/turnaround

The Secured Creditor agreed to provide further financial support to the business in order to assist the Company while the directors implemented a turnaround plan.

Unfortunately, despite repeated efforts to resolve the situation, the Company was unable to adequately improve trading and, in agreement with the Secured Creditor, approached Deloitte in August 2019 to discuss options available in the absence of further funding.

When decision to appoint was made

Once it became clear that the Company would be unable to pay its debts once they fell due, the directors held a board meeting on 3 September 2019 to resolve to place the Company into administration.

Involvement of Deloitte pre-appointment

The directors of the Company, at the request of the Secured Creditor, approached Deloitte in August 2019 to advise them in relation to the Company's financial position and options available to them.

Following this introduction, Deloitte were engaged by the Company to undertake Contingency Planning report and provide ad hoc advice to the Company as required.

Matthew David Smith and Matthew James Cowlishaw of Deloitte were asked to take the pending appointment as Joint Administrators by the Company directors.

Post-appointment

Post-appointment

Purpose

Appointment of the Joint Administrators

Matthew David Smith and Matthew James Cowlishaw, of Deloitte were appointed as Joint Administrators of the Company by David Manning and John Herring, the directors of the Company, on 5 September 2019, following the filing of a Notice of Appointment of Joint Administrators.

Purpose of the administration

The Company has significant levels of borrowing from the Secured creditor as a result of the Company being *loss making since incorporation this is due to low* customer occupancy levels at the data centres in Norwich and high fixed overhead costs.

Accordingly The purpose of the administration was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company.

How the affairs and business of the Company have been managed and financed since appointment, and the Joint Administrators' intended strategy if their Proposals are approved

Third party Funding

To allow the Joint Administrators to facilitate a controlled managed wind down of the business and migration of customer contracts, the Company's Secured Creditor agreed to provide funding to cover costs and payments of the trading losses for a limited period.

Trading

Immediately following our appointment, we undertook an assessment of the Company's financial affairs to assess whether we would be able to continue to trade the Company's business within the administration. Unfortunately, due to high overhead costs, low occupancy rates and the fact that the Company did not own the data centres, we concluded that trading was not viable and therefore our realisation strategy was to wind down the Company's business in a controlled fashion. As noted above this has the full support of the Company's Secured Creditor which has provided funding to costs to facilitate an orderly wind-down. Thereby providing time for customer contracts to be migrated to alternate providers.

Receipts and Payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 18 October 2019 is provided on page 22.

Asset realisations

Trading/Stock

As discussed above, trading is continuing with a view to winding down the business over a three month period, following formal termination of all customer contracts, and allowing customers to migrate servers from the data centre. We believe that this will achieve a better result for creditors than an immediate winding up of the Company, by mitigating the risk of counter claims of continuity of service.

Cash at Bank

On our appointment funds held in the Company bank account amounting to £77k. After deduction of charges c£69k was transferred to the administration bank account. Book debts of 2.6k were included in the pre-appointment bank account these have now been moved to book debts in the receipts and payments account.

Leasehold property

As discussed, the Company operates from two leasehold properties, which it will continue to occupy while the business is being wound down. The owner of the properties has consented to a period of rent free occupation.

Books debts

As at the date of our appointment, the Company's sales ledger showed pre-appointment book debts valued at £107.5k. To date, we have collected £70.5k and continue to liaise with the remaining customers regarding repayment of the outstanding balances.

Prepayments

Prior to our appointment the Company prepaid £47k for services for which we are seeking a refund. The outcome of recovering these prepayments is unknown at this stage.

VAT Repayment

Based on the Company's last VAT return the Company are expected to receive a repayment of VAT of £34k in this period. We will liaise with HM Revenue & Customs ("HMRC") to ensure that this repayment is recovered into the administration estate.

Motor Vehicles

At the date of appointment the Company owned a Company car which has now been realised for £750.

Chattel assets

As at the date of appointment the Company owned a small quantity of tangible assets including data centre equipment, fixtures and fittings and other items across its trading premises, with a combined book value of £71k. The net realisable value of this equipment is expected to be minimal.

It should be noted that, a significant amount of plant and machinery at the data centre was owned by the Secured Creditor.

Post-appointment

Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the administration include:

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses;
- assessing the affairs of the Company and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management;
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application;
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration; and
- that, if the Company is to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administration.

Please refer to Appendix D for further details.

Post-appointment
Outcome for creditors

Estimated outcome for creditors

Secured creditor

The Company's records show that at the date of our appointment, £25.9m was owed to the Secured Creditor.

These amounts are secured by way of a floating charge granted by the Company on 7 November 2012. Based *on current available information, there is no prospect* that there will be sufficient asset realisations to repay the Secured Creditor. Any asset realisations will, rather be used to contribute towards the costs and losses that may incur during the trading period and costs of the administration.

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions. We estimate that there will be 19 preferential claims totalling c£25k. On present information we do not anticipate that sufficient funds will become available to enable these claims to be repaid.

Unsecured creditors

The directors' statement of affairs shows 34 unsecured creditors with estimated non-preferential claims totalling £202k.

There will be insufficient funds realised to enable a distribution to be made to the unsecured creditors including under the prescribed part.

Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company.

Where the value of the Prescribed Part is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it.

As there are unlikely to be assets available to enable a distribution to creditor's the Prescribed Part provisions will not apply to this case.

Claims process

As there is no prospect of a distribution for unsecured creditors, we do not intend to undertake any work to agree any creditor claims received as this work will be performed only if and when the dividend prospects are certain.

Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from administration. Based on current information, we consider the following exit routes may be appropriate:

- *Dissolution* – If there is no further property which might permit a distribution to the Company's creditors, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later.
- *Compulsory Liquidation ("WUC")* – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Company.
- *Creditors' Voluntary Liquidation ("CVL")* - Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Company will be wound up.

Please note that if the Company is placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are deemed approved, i.e. by 12 November 2019.

- Any creditors' committee appointed in the administration will become a liquidation committee and the basis of the Joint Administrators' remuneration fixed during the administration will apply in the liquidation.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the Secured Creditor for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.

Remuneration and expenses

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.

Basis of Administrators' remuneration

Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

There will be no funds available to the unsecured creditors. Therefore, in accordance with Rule 18.18(4) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis of our remuneration as a set amount of £170k, with the consent of the Secured Creditor.

Estimate of work required – Set Amount (Fixed Fee)

Based on previous appointments of this nature and having regard to the likely number and grades of staff required to fulfil these obligations, we intend to seek approval to draw a fixed fee of £170k. Full details of the work anticipated to be performed are provided at Appendix C1.

Joint Administrators' Expenses

We anticipate that we will incur the following disbursements during the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette to provide notice of our appointment. We estimate the advertising costs in this regard will be £105.
- Insurance – Iquest visits to sites to complete health and safety visits, costs are estimated to be £1k.

Expenses - Professional costs

We have instructed Simmons & Simmons LLP, a firm of lawyers with the appropriate expertise and experience in dealing with this type of administration, to advise on the following legal matters and to prepare the required legal documentation in relation to:

- Validity of Appointment review;
- Legal assistance with miscellaneous legal matters that may occur during the administration such as dealing with the Company's leasehold property; and
- Preparing the funding arrangement provided by the Secured Creditor.

They have estimated that their fees will not exceed £50k (exclusive of VAT and disbursements). No costs have been billed to date.

All professional costs are reviewed by us and analysed in detail before payment is approved or made.

Remuneration and expenses

Pre-administration costs

Statement of pre-administration costs

In the following paragraphs we have provided an explanation of the work carried out by us in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration:

- Planning the day one site visits;
- Ensuring all appointment documents are completed; and
- Ensuring trading funding agreement in place with the Secured Creditor.

In relation to this work our costs and expenses are as follows:

- Our time costs of £15k+VAT which remain unpaid;
- No disbursements were incurred prior to our appointment.

Approval of unpaid pre-administration costs

As set out above, we have unpaid pre administration time costs of £15k. The payment of these unpaid costs as an expense of the administration is subject to approval under Rule 3.52. In this regard we will invite the Secured Creditor to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.

No legal costs were incurred during the pre-administration period.

Additional information

Additional information
Case specific matters and Investigations

EU Regulations

As stated in the administration appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Company's leasehold premises at the date of our appointment, please contact us as soon as possible.

Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.

Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Company. The web address is www.ips-docs.com.

All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Aaron Banks using any of the contact details given on page 4 if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website.

Please note that, other than any notice of intended dividend (if applicable), no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.

Appendices

Directors' summary Statement of Affairs

£	Book value	Estimated to realise
Assets subject to fixed charge		
	-	-
Less: Amounts due to fixed charge holders	-	-
Estimated surplus/(deficiency) to fixed charge holders	-	-
Assets subject to floating charge		
Trade Debtors	107,479	98,318
Rent Deposit	1,833	1,833
Prepayments	47,357	47,357
VAT repayment due	34,155	34,155
Cash at Bank	77,308	77,308
Amount due from Subsidiary - Migration Solutions Ltd	2,253,674	-
Data Centre Equipment	57,335	20,990
Estimated total assets available for preferential creditors	2,579,141	279,961
Preferential creditors		(24,877)
Estimated deficiency / surplus to preferential creditors		255,084
Estimated prescribed part of net property		(54,017)
Estimated total assets available for floating charge holders		201,067
Debt secured by floating charges		(25,875,583)
Estimated deficiency / surplus after floating charges		(25,674,516)
Unsecured non-preferential claims		(202,593)
Estimated deficiency / surplus to creditors		(25,877,109)
Called up share capital		(3,250,095)
Estimate deficiency / surplus to members		**(29,127,204)**

Joint Administrators' comments

The above figures are based on a draft of the Directors' statement of affairs, once we have received a final version these will be made available online at www.ips-docs.com, including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2016, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown.

In accordance with the standard format of the statement of affairs, no provision has been made for the costs of the administration (including agents', legal and other professional advisors' fees).

Joint Administrators' receipts and payments account
5 September 2019 to 18 October 2019

£	SoA values	Notes	To date
Receipts			
Trading Account			(64,186)
Book Debts	*98,318*		70,516
Cash at Bank	*77,308*	A	69,032
Secured Lender funding	-	B	400,000
Motor Vehicles	-		750
Refunds	-		1,876
Bank Interest	-		78
VAT Repayment	*34,155*		-
Prepayments	*47,357*		-
Rent Deposit	*1,833*		-
Data Centre Equipment	*20,990*		-
Total receipts	***279,961***		**478,067**
Payments			
Bank Charges			4
Statutory Advertising			105
Total payments			**109**
Balance			**477,958**
Made up of:			
VAT Payable		C	(5,008)
Bank Account		D	482,966
Balance in hand			**477,958**

Joint Administrators' trading account
5 September 2019 to 18 October 2019

£	To date
Receipts	
Sales	14,347
Total receipts	**14,347**
Payments	
Salaries	(28,981)
PAYE/NIC	(10,328)
Pensions	(3,214)
Telephone	(2,483)
Insurance	(900)
Cleaning	(1,386)
Data centre comms.	(25,170)
PDU metering	(4,264)
Rent	(1,212)
Pest control	(294)
IT costs	(302)
Total payments	**(78,533)**
Trading deficit	**(64,186)**

Notes to the receipts and payments account

A receipts and payments account together with a separate trading account is provided above, detailing the transactions since our appointment on 5 September 2019.

Notes to receipts and payments account

A – The difference between the statement of affair figure and the sum ingathered is due to a debit by HSBC Bank Plc debited charges of £5.7k post appointment.

B – Limpopo as Secured Creditor has provided funding to facilitate an orderly wind down of the business. Please see page 11 for further details.

C – All sums shown above are shown net of VAT, which is payable and will be accounted for to HMRC in due course.

D – All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HMRC.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Appendices
Appendix C1

Estimate of work to be undertaken

Joint Administrators' Estimate of Work to be undertaken – set fee basis

Details of work that the we anticipate will be undertaken during the administration, for which a set fee of £170k *will be charged on this case, are provided below:*

Statutory Tasks and Administration
- Case set-up – including data capture and entry
- Notification of appointment
- Cashiering – a bank account with monthly bank reconciliations
- Statutory reporting – proposals, progress report and *final* report
- SIP2 investigation and directors conduct and CDDA reporting
- Employee issues

Assets/Trading
- Wind down of business over a period of approximately three months
- Collections of book debts and sales
- Property issues – vacation and surrender of two leasehold properties
- Managing supplier queries and arrange for payment of outstanding trading invoices
- Facilitate employee payments
- Pre-appointment Bank account release of funds
- Realisation of tangible assets

Creditors
- Dealing with queries from secured, unsecured and preferential creditors
- Employee issues – pensions, auto enrol, H&S etc.

Case specific matters
- File VAT returns as required
- Monthly PAYE & NIC payments to HMRC
- Complete and file corporation tax returns
- Dealing with any queries from HMRC

Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We estimate that the following disbursements are likely to be incurred in relation to the administration.

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

Our estimate of category 1 disbursements is given below, all figures are shown excluding VAT.

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Unpaid
Travel	750	393	393
Subsistence	50	16	16
Specific Penalty Bond	230	230	230
Statutory Advertising	105	105	105
Total disbursements	**1,135**	**744**	**744**

Category 2 disbursements

These are costs and expenses which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can to be drawn from the administration estate.

Our estimate of category 2 disbursements is given below, all figures are shown exclusive of VAT.

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Unpaid
Mileage	250	182	182
Total disbursements	**250**	**182**	**182**

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

Joint Administrators' Proposals

Our Proposals will be deemed approved on 12 November 2019 unless a creditors' decision procedure is requisitioned in accordance with Rules 15.18 and 15.19 of the Rules 2016.

We will still need to obtain specific approval for the resolutions given below from the Secured Creditor:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed as a set fee, plus VAT.
2. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage (as detailed on page 24) be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
3. Approval that the Joint Administrators' pre administration fees, of £15k as detailed on page 17 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees, plus VAT, from the administration estate.
4. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

A creditors' committee will not be formed unless we are requested to hold a decision procedure for purposes of forming a creditor's committee; please refer to page 1 of the Proposals for details of the procedure in this regard.

Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the administration and in any follow on liquidation should a creditors' committee be formed.

Appendices
Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their Proposals for achieving the purpose of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any *other context*.

This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this document are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

The Joint Administrators act as agents of the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

Deloitte.