

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company GEN-X IT LTD	Company number 04480097
In the Manchester District Registry of the High Court <small>[full name of court]</small>	Court case number 2030 of 2016

- (a) Insert full name(s) and address(es) of administrator(s) I/We (a) Kevin Murphy & Andrew Poxon of Leonard Curtis, Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ

attach a copy of *my / our proposals in respect of the administration of the above company

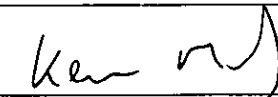
A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date

(b) 14 March 2016

Signed



Kevin Murphy & Andrew Poxon - Joint
Administrator(s)

Dated

14 March 2016

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.

Leonard Curtis	
Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, ,	
M3 3BZ	Tel 0161 831 9999
DX Number	DX Exchange

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

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COMPANIES HOUSE



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**GEN-X IT LTD
(IN ADMINISTRATION)**

Registered Number: 04480097

Court Ref: 2030 of 2016

Manchester District Registry of the High Court

Joint Administrators' Report and Statement of Proposals

14 March 2016

Leonard Curtis

Tower 12, 18/22 Bridge Street, Spinningfields, Manchester,
M3 3BZ

Tel 0161 831 9999 Fax 0161 831 9090

Ref M/35/RB/NG829K/1040

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TO. THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL SHAREHOLDERS

1 INTRODUCTION

- 1.1 I refer to the appointment of A Poxon and myself as Joint Administrators ("the Joint Administrators") of Gen-X IT Ltd ("the Company") on 20 January 2016 and now write to present our proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act")
- 1.2 We do not propose to convene a meeting of creditors in this instance. It is the Joint Administrators' intention to seek approval to the Administrators' proposals and certain resolutions by correspondence, as provided for by Paragraph 58 of Schedule B1 to the Act. Form 2.25B is attached at Appendix J for this purpose. This form should be completed and returned to this office by no later than 12.00 hours on 30 March 2016 with a completed statement of claim form (attached at Appendix K) or your vote will be disregarded, as will any forms returned after the closing date.
- 1.3 If any creditor is interested in establishing a creditors' committee for the purposes of the administration, please contact this office.
- 1.4 The outcome of the voting will be reported to creditors in due course.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company, may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 30 March 2016. Security for the costs of holding the meeting must also be provided.

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the Manchester District Registry of the High Court under Court reference 2030 of 2016.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from Sol House, 24 Dark Lane, Ardwick Green, Manchester M12 6FA to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ on 1 February 2016. The registered number is 04480097.
- 2.4 The Company operated from leasehold premises at Sol House, 24 Dark Lane, Ardwick Green, Manchester M12 6FA.
- 2.5 The Company's directors and secretary are

Name	Role	Date Appointed
Alan Gould	Company secretary	29/11/2002
Kelley Stewart	Director	22/07/2002
Alan Gould	Director	08/07/2002

- 2.6 The Company's authorised share capital is 2,000 A Ordinary £1 shares and 222 B Ordinary £1 shares and are owned as follows.

Name	Class of Share	No. of Shares	% of Total Owned
Kelley Stewart	A Ordinary	500	25%
Alan Gould	A Ordinary	500	25%
Joe Calderwood	A Ordinary	1,000	50%
		2,000	100%
Colette Fletcher	B Ordinary	111	50%
James Lydon	B Ordinary	111	50%
		222	100%

- 2.7 According to the information registered at Companies House, the Company has the following registered charges

Chargeholder	Date created	Description	Amount secured £	Assets Charged
The Royal Bank of Scotland Plc ("the Bank")	26/08/2005	Debenture	All Monies	All Assets
Royal Bank of Scotland Invoice Finance Limited (formerly Euro Sales Finance Plc) ("RBSIF")	22/12/2004	Fixed and floating charge	All Monies	All Assets

- 2.8 The EC Regulation on Insolvency Proceedings 2000 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated on 8 July 2002 and began trading shortly thereafter. The directors on our appointment were Kelley Stewart and Alan Gould. The shareholders of the Company are Kelley Stewart, Alan Gould, Joe Calderwood, Colette Fletcher and James Lydon.
- 3.2 The Company traded from leasehold premises at Sol House, 24 Dark Lane, Ardwick Green, Manchester. The principal trading activity of the Company was the sale of computer hardware. The Company employed 26 staff.
- 3.3 The Company was funded by way of an invoice finance facility with RBSIF, who hold security by way of a debenture incorporating a fixed and floating charge over the Company assets, created on 22 December 2004. The Bank also holds security by way of a debenture incorporating a fixed and floating charge over the Company's assets, created on 26 August 2005.
- 3.4 In recent years, the Company has traded profitably. In the year ended 31 December 2013, the Company recorded turnover of £16m and profit for the year of £1.1m. In the year ended 31 December 2014, the Company's turnover increased to £16.7m however profits reduced slightly to £855,000. In the 11 month period ended 30 November 2015, turnover of £14.7m (annualised to £16m) was recorded however profits reduced further to £429,000 (annualised £468,000).

- 3 5 On 13 November 2015, the Company (and the directors) received notification of a claim from Cisco Technology, Inc ("Cisco") for trade mark infringement and passing off. On 23 December 2015, Cisco offered the Company the opportunity to compromise the claim by agreeing to a number of measures, including payment of \$1.8 million on a deferred basis. Cisco has since advised the Joint Administrators that they anticipate the amount of their claim may greatly exceed this amount.
- 3 6 Whilst the directors disputed the claim, the Company was unable to fund any litigation to defend the claims, as well as continue trading. The directors and the Company subsequently sought advice from a solicitor, who subsequently referred them to Leonard Curtis on 12 January 2016. Leonard Curtis provided advice in relation to the options available to the Company to best protect the value of the business of the Company.
- 3 7 Leonard Curtis advised the directors that Administration would represent the best outcome for creditors as this would best protect the value of the Company's assets, compared to liquidation which may have affected the collectability of the debtor ledger.
- 3 8 Subsequently, a Notice of Intention to appoint A Poxon and I of this office as Joint Administrators of the Company was given by the directors and filed in the High Court of Justice, Chancery Division, Manchester District Registry on 14 January 2016. The Notice was subsequently served on the Company, and the Bank and RBSIF, as holders of a qualifying floating charge, pursuant to Rule 2.20 of The Insolvency Rules 1986.
- 3 9 Following the receipt of the consent of the Bank and RBSIF, the qualifying floating charge holders, to the appointment, a Notice appointing A Poxon and I of this office as Joint Administrators of the Company was given by the directors, and filed in the High Court of Justice, Chancery Division, Manchester District Registry on 20 January 2016.
- 3 10 My colleague, A Poxon and I are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of the Insolvency Schedule B1 to the Act, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the year ended 31 December 2013 and 31 December 2014 along with management accounts for the period ended 30 November 2015 are detailed below

	Mgmt Period ended 30/11/2015 £'000	Signed Year ended 31/12/2014 £'000	Signed Year ended 31/12/2013 £'000
Turnover	14,740	16,688	15,954
Gross Profit	2,426	3,058	3,264
Gross Profit %	16.5%	20.9%	20.5%
Administrative expenses	(1,850)	(1,894)	(1,747)
Operating Profit/(Loss)	576	1,164	1,517
Interest and charges	-	(73)	(75)
Profit/(Loss) before tax	576	1,091	1,443
Taxation	(147)	(236)	(337)
Profit for the year	429	855	1,106
Dividends	-	(889)	(889)
Retained profit	429	(34)	217

- 4.2 The balance sheets as at 30 November 2015, 31 December 2014 and 31 December 2013 are detailed below

	Mgmt 30/11/2015 £'000	Signed 31/12/2014 £'000	Signed 31/12/2013 £'000
Fixed Assets			
Tangible Assets	20	30	17
Current Assets			
Stocks	794	1,332	720
Debtors	1,464	2,223	1,709
Cash	1,050	264	1,711
	3,308	3,819	4,140
Creditors Amounts Falling due within one year	(1,967)	(2,035)	(2,342)
Net Current Assets/(Liabilities)	1,341	1,784	1,798
Total Assets less Current Liabilities	1,361	1,814	1,815
Creditors falling due after more than one year	(742)	(735)	(702)
Net Assets	619	1,079	1,113
Represented by			
Called up share capital	2	2	2
Share premium account	8	8	8
Profit and Loss account	609	1,069	1,103
Shareholders' Funds	619	1,079	1,113

- 4.3 The accounts prepared for the period ended 30 November 2015 have been taken from management accounts and should not be relied upon, in particular, it should be noted that the retained profit does not correlate with the profit and loss account for the year ended 31 December 2014

4.4 Statement of Affairs

The directors are required to lodge a statement of affairs as at 20 January 2016 which has to be filed with the Registrar of Companies. Although the document has not yet been received, I understand that it is in the course of preparation and will be submitted shortly. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures.

4.5 Secured Creditors

RBSIF

RBSIF hold security by way of a fixed and floating charge over the Company's assets created on 22 December 2004. RBSIF provided an invoice finance facility to the Company. The Company held three debtor ledgers, in GBP, EUR and USD.

The outstanding financed debtor ledgers at our appointment totalled approximately (subject to currency conversions) £222,175, of which £218,028 was approved for funding.

The Company's indebtedness to RBSIF on our appointment was £157,534. Further interest and charges have since been applied to the ledgers pursuant to the terms of the agreement.

In the period to 26 February 2016, £109,857 has been received from debtor collections and paid to RBSIF under its fixed charge. In addition, a sum of £7,440.00 in relation to a financed debtor and payable to RBSIF under their fixed charge has been received in the Company's bank account following our appointment. This sum has since been paid to RBSIF by the Joint Administrators.

It is anticipated that debtor collections will be sufficient to repay RBSIF in full under their fixed charge.

The Bank

The Bank hold security by way of a debenture incorporating a fixed and floating charge over the Company's assets created on 26 August 2005.

At the date of appointment, the Company's bank accounts were in credit and therefore it is not anticipated that the Bank will have a claim in the administration.

4.6 Preferential Claims

The only categories of claims which have preferential status are those of employees in respect of wages, up to £800 each, and accrued holiday pay.

On our appointment, the Company employed 26 staff. I can advise that all employees, with the exception of one creditor controller, were made redundant upon our appointment. These employees

have claims for outstanding wages from 18 January 2016 and holiday pay I can confirm the necessary claims have been submitted to the Redundancy Payments Office

It is anticipated that the remaining employee will also be made redundant in due course when the debts are collected and will submit the relevant claim to the Redundancy Payments Office

For the purposes of this report our employment consultant has estimated preferential claims may total approximately £12,000

I can advise that it is anticipated that preferential creditors will be repaid in full.

4.7 Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property available to 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 claims

As it is anticipated RBSIF will be repaid in full under its fixed charge and the Bank will have no claim in the administration, there is no requirement to set aside a prescribed part in this case

4.8 Unsecured Claims

All unsecured non-preferential claims will be subject to agreement by a subsequently appointed Liquidator in due course, should liquidation be the appropriate exit route from the administration process

Creditors should submit details of their claims using the statement of claim form attached at Appendix K. These claims will be collated and, if appropriate, passed to any subsequently appointed Liquidator in due course

4.9 Receipts and Payments

A receipts and payments account for the period of Administration to date is enclosed at Appendix C

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

5.1 Cash in Hand

On our appointment, the Company's bank accounts were in credit in the sum of £167,524.32, \$4,467.97 and €35,532.26. The credit balances are anticipated to be received by the Joint Administrators shortly.

In addition, the Joint Administrators received payment of £44,160.00 into their client account shortly prior to the administration appointment.

It should be noted that a sum of £7,440.00 in relation to a financed debtor and payable to RBSIF under their fixed charge has been received in the Company's bank account following our appointment. This sum is anticipated to be received from the Bank by the Joint Administrators' shortly.

5.2 Factored Book Debts

As detailed at 4.5 above, RBSIF and the Company are continuing to collect the outstanding book debts which had a ledger value of £222,175 of which £218,028 was approved for funding at the date of appointment.

In the period to 29 February 2016, £109,857.46 has been collected which is due to RBSIF under their fixed charge. In addition, as detailed above, £7,440.00 was received in the Company's bank account. The Joint Administrators have made payment of the sum to RBSIF.

RBSIF, along with the assistance of the retained credit controller and Cerberus Receivables Management ("Cerberus Receivables"), are continuing to collect the remaining outstanding debtors.

It is anticipated that debtor collections will be sufficient to repay RBSIF in full; however, the level of any surplus is uncertain at this time.

5.3 Stock

Following our appointment, independent agents Cerberus Asset conducted a review and valuation of the Company's stock. Cerberus Asset provided high and low valuations on the basis of an in-situ sale and ex-situ sale with marketing constraints. This was subject to the Company's ability to sell Cisco stock, once Cisco had the opportunity to inspect it and release it for sale.

The valuation provided by Cerberus Asset indicated that these assets held an estimated realisable value of £67,300.00 on an in-situ basis and £5,800.00 on an ex-situ and marketing constraints basis. This valuation included a quantity of Cisco products where it was uncertain which stock, if any, would be available for sale.

The Joint Administrators received an offer from Sol Distribution Limited, a connected company for the non-Cisco stock in the sum of £30,000 plus VAT. Cerberus Asset recommended the offer be accepted.

Payment in full has been made by the purchaser to Cerberus Asset and this sum is anticipated to be received by the Joint Administrators shortly.

Cisco have since inspected the remaining stock, including additional stock located away from the main premises. The stock has been categorised into that which is authorised to be sold in the EEA, that which is counterfeit, and that which is parallel imported stock. Cisco have confirmed that the EEA stock can now be sold and the outcome of any sale will be communicated to creditors in later reports.

The other stock has been retained by Cisco in respect of their ongoing investigations.

5.4 Office & IT Equipment

Following our appointment, independent agents Cerberus Asset conducted a review and valuation of the Company's office and IT equipment. Cerberus Asset provided high and low valuations on the basis of an in-situ sale and ex-situ sale with marketing constraints.

The valuation provided by Cerberus Asset indicated that these assets held an estimated realisable value of £2,600.00 on an in-situ basis and £700.00 on an ex-situ with marketing constraints basis.

The Joint Administrators received an offer from Sol Distribution Limited, a connected company in the sum of £2,500 plus VAT. Cerberus Asset recommended the offer be accepted.

Payment in full has been made by the purchaser to Cerberus Asset and this sum is anticipated to be received by the Joint Administrators shortly

5.5 Corporation Tax Refund

Following a review of the Company's accounts over the last few years of trading and given the Company had historically paid corporation tax on its profits the Joint Administrators have identified that a corporation tax refund may be due to the Company

However, it should be borne in mind that any refund may be subject to an offset with regards to the outstanding PAYE and NIC due to HM Revenue & Customs and Redundancy Payments Office claims and it is therefore uncertain what sum, if any, will be received. If the potential refund is offset against the HM Revenue & Customs claim, creditor claims will reduce accordingly.

The Joint Administrators have instructed the Company's accountant to explore the possibility of the refund being received.

5.6 Directors' Loan Accounts

The Company's accounts for the year ended 31 December 2014 indicated the directors' loan accounts to be overdrawn by £161,042.

The Joint Administrators are currently liaising with the Company's accountant with a view to establishing what balance, if any, was due to the Company at the date of Administration from either director.

On confirmation of the amount due, if any, proposals for repayment will be sought from the director(s).

5.7 Insurance Claim

The Joint Administrators have received payment of £125.76 in respect of an insurance claim.

5.8 Bank Interest

Bank Interest in the sum of £15.73 has been received.

5.9 Investigations

The Joint Administrators are in the process of analysing the information acquired in the course of appraising and realising the business and assets of the Company, together with information and records provided by the Company's directors, to identify any further possible realisations for the estate and what further investigations, if any, might be appropriate in accordance with the guidance set out in SIP 2. These investigations are ongoing and any additional assets identified will be communicated to creditors in due course.

The Joint Administrators are also conducting investigations into the conduct of the directors in accordance with their statutory obligations under the Company Directors Disqualification Act 1986. These investigations are ongoing and the appropriate report will be submitted to the relevant authority in due course. A number of challengeable antecedent transactions have been identified at this time.

As detailed above, the Administrators' investigations are ongoing and if any creditor is aware of any particular matter which they consider requires investigation, they should send full details to this office at the address given at the front of this report.

5 10 Professional Advisors Used

On this assignment the Joint Administrators have used the professional advisors listed below

Name of Professional Advisor	Service Provided	Basis of Fees
Turner Parkinson LLP	Appointment Papers	Time costs
Addleshaw Goddard LLP	Legal advice and antecedent transactions	Time costs
Cerberus Asset	Asset Valuation advice	Time costs
Cerberus Receivables	Asset valuation advice	Time costs
EK Employment Law Consultants	Employee advice	Time costs
Wrigley Partington Chartered Accountants	Accountancy advice	Time costs

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6 1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives

- (a) rescuing the Company as a going concern, or (if this cannot be achieved),
- (b) 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), or (if (a) and (b) cannot be achieved),
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

6 2 The first objective is not capable of being achieved given the extent of historic liabilities

6 3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration) In the opinion of the Joint Administrators, this objective is likely to be achieved as there is a reasonable prospect of a dividend being available to unsecured creditors which would not have been the case if the Company had been wound up without first being in administration

6 4 The third objective is to realise property in order to make a distribution to secured or preferential creditors In the event that the second objective cannot be achieved, the third purpose has already been achieved as RBSIF have, to date, received part payment under their fixed charge from debtor collections It is anticipated that RBSIF will be repaid in full from future debtor collections It is also anticipated that the preferential creditors will be repaid in full

6 5 The Administration has been, and will continue to be, financed by monies received from asset realisations

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A
- 7.2 The Joint Administrators have considered the various options available to the Company. Based on information currently available, the Joint Administrators consider that realisations will be sufficient to enable a dividend to be paid to unsecured creditors. In this situation, on completion of the Administration, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL")
- 7.3 The Proposals provide for the appointment of myself and/or A Poxon as (Joint) Liquidator(s). Creditors may nominate a different person to be Liquidator provided that the nomination is made after receipt of the Proposals and before they are approved.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of
- each secured creditor of the Company, and
 - unsecured creditors whose debts amount to more than 50% of the Company's unsecured debts, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent.
- 8.3 Creditors will be contacted in due course should an extension be required.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as
- Fees charged, and
 - Expenses incurred
- by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.
- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below.

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis	Advice to the Company and secured creditors and considering whether an administration purpose could be achieved	£20,340 00	Nil	n/a	£20,340 00
Cerberus Asset	Stock take and valuation of physical assets	£1,500 00	Nil	n/a	£1,500 00
Cerberus Receivables	Assessment of debtor ledger	£2,500 00	Nil	n/a	£2,500 00
Turner Parkinson LLP	Dealing with appointment papers	£3,048 00	Nil	n/a	£3,048 00

- 93 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £20,340 00 have been incurred which represents 50.3 hours at a rate of £404.37 per hour.
- 94 In the period prior to the administration, Leonard Curtis provided insolvency advice to the Company and the secured creditors and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company.
- 95 Following the decision to place the Company into administration, Cerberus Asset were then requested to provide an assessment of the likely realisable value of the Company's physical assets and undertake a stock take. Cerberus Receivables were also requested to provide an assessment of the likely realisable value of the Company's debtor ledger. This information enabled Leonard Curtis to properly gauge the Company's financial position and ensure that at least one of the three statutory purposes could be achieved.
- 96 Further costs were incurred by Leonard Curtis and Turner Parkinson LLP with regards to the preparation of the appointment papers.
- 97 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by resolution of the general body of creditors.

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

10.1 General

Included within the resolutions to be considered by correspondence is a resolution which asks the general body of creditors to determine the basis upon which the remuneration of the Joint Administrators is fixed.

The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of

different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

In this case, the Joint Administrators wish to seek creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate.

10.2 Approval by appropriate body

The Joint Administrators think that the Company has sufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, responsibility for approving the basis of the Joint Administrators' remuneration lies with the Creditors' Committee (if one is established). Otherwise it will be the responsibility of the general body of unsecured creditors to approve this basis.

The outcome of the voting will be reported to all creditors in due course.

10.3 Information to be given to creditors

Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

10.4 The Fees Estimate

The Joint Administrators' Fees Estimate is set out at Appendix E and includes the following:

- Details of the work that the Joint Administrators and their staff propose to undertake,
- The hourly rate or rates that Joint Administrators and their staff propose to use, and
- The time that the Joint Administrators anticipate that each part of the work will take.

Details of work likely to be undertaken and time spent in dealing with any subsequent Liquidation are not included in the Fees Estimate. Such information will be provided at the appropriate time, should Liquidation prove to be the most appropriate exit route from the Administration.

10.5 The total amount of time costs as set out in the Fees Estimate is £179,452. Once approved, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval from creditors.

10.6 The Fees Estimate is based upon information currently available to the Joint Administrators about the Company's affairs. Based upon such information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However, should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to creditors for further approval. The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports.

10.7 Enclosed at Appendix F is a summary of the Joint Administrators' time costs to 26 February 2016. The summary shows that time costs of £90,231.00 have been incurred which represents 248.80 hours at a rate of £362.66 per hour. Further time has been spent in March which has yet to be posted to our system. Further details of my firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.

- 10 8 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from <http://www.leonardcurtis.co.uk/resources/creditorsguides>. If you would prefer this to be sent to you in hard copy please contact Rochelle Baker of this office on 0161 831 9999

10 9 **Statement of Likely Expenses**

The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix G. To assist creditors' understanding of this information, it has been separated into the following categories:

- (i) **Standard Expenses** this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements
- (ii) **Case Specific Expenses** this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the general body of creditors in the same way as fees. Creditors are asked to vote upon a resolution approving the payment of category 2 disbursements on the Form 2 25B attached at Appendix J.

Further information of the types of expenses which fall into the above categories is provided at Appendix H.

Please note that details of expenses to be incurred in any subsequent Liquidation have not been included in this statement and will be provided to creditors at the appropriate time.

10 10 **Further Updates**

The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 **ANTICIPATED OUTCOME AND RELEASE OF ADMINISTRATORS FROM LIABILITY**

- 11 1 It is considered likely that there will be a return to the Company's unsecured creditors in this instance although the extent of any return is dependant upon total asset realisations and the discharge of the costs associated with the Administration.
- 11 2 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to Creditors' Voluntary Liquidation.
- 11 3 On the registration of the relevant notice with the Registrar of Companies, the Administration and the appointment of the Administrators will automatically cease.
- 11 4 It is for the creditors to fix the date upon which we are discharged from liability in respect of any action of ours during the Administration and Form 2 25B at Appendix J contains a resolution that we be discharged from liability immediately upon our appointment ceasing to have effect.

12 VOTING PROCEDURE AND CONCLUSION

12.1 It is important that you give careful attention to this report and its Appendices

12.2 As we are seeking approval to the Administrators' proposals and certain resolutions by correspondence, in order for your vote to count you should complete and return Form 2 25B (attached at Appendix J) by the deadline of 30 March 2016 or your vote will be disregarded, as will any forms returned after the closing date. All forms should be accompanied by a statement of claim. A claim form has been attached at Appendix K for your use.

12.3 Creditors will be notified of the outcome of voting in due course.

Should you have any queries or require any further clarification please contact Rochelle Baker at my office, in writing. Electronic communications should also include a full postal address.

for and on behalf of

GEN-X IT LTD



K G MURPHY

Joint Administrator

Licensed in the UK by Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

APPENDIX A

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that

- 1 The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company
- 3 If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that K G Murphy and/or A Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved
- 4 Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration
- 5 In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved
- 6 The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company
- 7 The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that K G Murphy and/or A Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them
- 8 The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 20 JANUARY 2016

	Notes	Book value £	In Administration £
Assets specifically pledged			
Book Debts	1	222,175	157,534
less RBSIF	1	(157,534)	(157,534)
Surplus as regards fixed charge holder		<u>64,641</u>	<u>Nil</u>
Assets not specifically pledged			
Surplus from fixed charge holder		64,641	-
Cash in Hand	2	234,387	234,387
Stock	3	793,595	30,000
Office & IT Equipment	4	19,924	2,500
Corporation Tax Refund	5	n/k	n/k
Directors' Loan Accounts	6	161,042	n/k
Insurance Claim	7	126	126
Antecedent Transactions	8	n/k	n/k
		<u>1,273,715</u>	<u>275,013</u>
Preferential creditors (est)	9	n/a	(12,000)
Net property available for prescribed part		<u>1,273,715</u>	<u>263,013</u>
Prescribed part	10	n/a	n/a
Available for floating charge creditor		<u>1,273,715</u>	<u>263,013</u>
RBSIF	1	-	-
Surplus as regards floating charge holder		<u>1,273,715</u>	<u>263,013</u>
Add back prescribed part	10	n/a	n/a
Available for unsecured creditors		<u>1,273,715</u>	<u>263,013</u>
Unsecured creditors			
H M Revenue & Customs – PAYE / NI (est)	11	(45,000)	(45,000)
Employees (Redundancy and Notice Pay)	9	(207,755)	(207,755)
Trade and expense creditors	12	(201,673)	(201,673)
Cisco Technology Inc	13	n/k	n/k
Total value of unsecured creditors		<u>(454,428)</u>	<u>(454,428)</u>
Estimated deficiency as regards unsecured creditors		<u>819,287</u>	<u>(191,415)</u>

NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

1 Book Debts

RBSIF hold security by way of a fixed and floating charge over the Company's assets created on 22 December 2004. RBSIF provided an invoice finance facility to the Company. The Company held three debtor ledgers, in GBP, EUR and USD.

The outstanding financed debtor ledgers at our appointment totalled approximately (subject to currency conversions) £222,175 of which £218,028 was approved for funding.

The Company's indebtedness to RBSIF on our appointment was £157,534. Further interest and charges have since been applied to the ledgers pursuant to the terms of the agreement.

It is anticipated that the book debts collections will be sufficient to repay RBSIF in full however any the level of any surplus is uncertain at this time.

2. Cash in Hand

On our appointment, the Company's bank accounts were in credit in the sum of £167,524.32, \$4,467.97 and €35,532.26. The credit balances are anticipated to be received by the Joint Administrators shortly.

In addition, the Joint Administrators received payment of £44,160.00 into their client account shortly prior to the administration appointment.

It should be noted that a sum of £7,440.00 in relation to a financed debtor and payable to RBSIF under their fixed charge has been received in the Company's bank account following our appointment. This sum is anticipated to be received from the Bank by the Joint Administrators' shortly.

3 Stock

The book values have been taken from the company records supplied by the directors whilst the realisable values reflect the sale of the stock to date. It is anticipated that there will be future stock sales in relation to the Cisco EEA stock however the anticipated realisable value has not been detailed for commercial reasons.

4 Office & IT Equipment

The book values have been taken from the company records supplied by the directors whilst the realisable values have been achieved following the sale of the office & IT Equipment.

5. Corporation Tax Refund

Following a review of the Company's accounts over the last few years of trading and given the Company had historically paid corporation tax on its profits the Joint Administrators have identified that a corporation tax refund may be due to the Company.

However, it should be borne in mind that any refund may be subject to an offset with regards to the outstanding PAYE and NIC due to HM Revenue & Customs and Redundancy Payments Office claims and it is therefore uncertain what sum, if any, will be received. If the potential refund is offset against the HM Revenue & Customs claim, creditor claims will reduce accordingly.

6 Directors' Loan Accounts

The Company's accounts for the year ended 31 December 2014 indicated the directors' loan accounts to be overdrawn by £161,042.

The Joint Administrators are currently liaising with the Company's accountant with a view to establishing what balance, if any, was due to the Company at the date of Administration from either director.

On confirmation of the amount due, if any, proposals for repayment will be sought from the director(s).

7. Insurance Claim

The Joint Administrators have received payment of £125.76 in respect of an insurance claim.

8 Antecedent Transactions

A number of challengeable antecedent transactions have been identified. Investigations are ongoing and any additional assets identified will be communicated to creditors in due course.

9 Preferential Creditors

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay.

On our appointment, the Company employed 26 staff. I can advise that all employees, with the exception of one creditor controller, were made redundant upon our appointment. These employees have claims for outstanding wages from 18 January 2016 and holiday pay. I can confirm the necessary claims have been submitted to the Redundancy Payments Office.

It is anticipated that the remaining employee will also be made redundant in due course and will submit the relevant claim to the Redundancy Payments Office.

For the purposes of this report our employment consultant has estimated preferential claims may total approximately £12,000.

I can advise that it is anticipated that preferential creditors will be repaid in full.

10. Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property available to 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 claims.

As it is anticipated that RBSIF will be repaid in full under its fixed charge and the Bank will not have a claim in the Administration, there is no requirement to set aside a prescribed part in this case.

11 H M Revenue & Customs – PAYE / NI

The values have been taken from the Company records and should not be taken as an agreed amount

12 Trade and expense creditors

The unsecured creditor balances have been extracted from the Company records and should not be regarded as agreed amounts

13 Cisco Technology Inc

Cisco have previously notified the Company of a claim against it for trade mark infringement and passing off. Prior to Administration, Cisco offered the Company the opportunity to compromise the claim by agreeing to a number of measures, including payment of \$1.8 million on a deferred basis. Cisco has since advised the Joint Administrators that they anticipate the amount of their claim could greatly exceed this amount.

The claim was disputed by the Company however, should there be sufficient funds to enable a distribution to creditors, as anticipated, the Joint Administrators will enter into discussions with Cisco to agree the quantum of their claim, if any.

APPENDIX B (continued)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address --					Per Statement of affairs
1st Technologies	Bee Mill	Preston Road	Ribchester	PR3 3XL		42 71
3KV GmbH \$	Justus-von-Liebig-Ring 4-6	Munich	D-82152	Germany		1,774 44
ADT Fire and Security	PO Box 69	Manchester	M40 4BH		RG27 9UF	528 48
Alphabet (GB) Limited	Europa House	Barley Way	Hook	Hampshire		1,281 48
AP Network Solution Ltd	Room 303, No 1 Building Shanghai White Cat Technology Park	Lane 641 TianShan Rd	Shanghai	200336		24 83
Audi Finance	Brunswick Court	Yeomans Drive	Blakelands	Milton Keynes	MK14 5LR	456 68
Awalker International Limited	12, 12/F, Goldfield Industrial Centre	No 1 Sui Wo Road	Shatin	HongKong		4,591 12
Bennetts Technologies UK Ltd	The Cartshed	The Old Brewery	Prory Lane	Burford	OX18 4SG	2,122 21
Bizcom Europe Ltd	Level 3A Garden Place	6 Victoria Street	Altrincham	Manchester	WA14 1ET	143 40
Blackmore IT Ltd	Chilterne Dairy	Warminster	Wiltshire	BA12 0LN		36 00
Box Limited	First Avenue	Minworth	Birmingham	B76 1BA		0 01
Brokland	347 chemin rural de Lacrouets	40990	Saint Paul Les DAX			64 68
Busy Bees	Post returned					1,217 55
Cisco Technology Inc	11 New Square Park	Bedfont Lakes	Feltham	TW14 8HA		n/k

Gen-X IT Ltd - In Administration

ComTech System Limited	Apartment 2	1001 Chester Rd	Stretford	Manchester	M32 0TA	96 00
Dencon Accessories Limited	Lyden House	South Road	Templefields Industrial Estate	Harlow, Essex	CM20 2BS	51 46
DHL Global Forwarding	Accounts Office	Magna House	18-32 London Road	Staines, Middlesex	TW18 4BP	1,175 98
DSI Informatique	62 Rue Alexandre Dumas	Romainville	93230			0 01
Ebay Purchases						9 95
Echung Hinda Solution Co , Limited	Room808, No3 Guofeng Mytown	Changping	Beijing	China		9,033 28
Edenred (Incentives & Motivation) Ltd	Northgate	The Pavilions	Chester Business Park	Chester	CH4 9QU	3,186 25
Employees - Redundancy & Notice Pay						207,755 00
Enta Net	Stafford Park 6,	Telford,	Shropshire	TF3 3AT		75 60
Enta Technologies Ltd	Stafford Park 6	Telford	Shropshire	TF3 3AT		55 97
Euro Sales Finance Plc	RBS Invoice Finance	4th Floor	1 Hardman Boulevard	Manchester	M3 3AQ	157,534 30
Fastlink Data Cables	109 Cheney Manor Industrial Estate	Swindon	Wiltshire	SN2 2QE		77 28
Fresh acme holdings limited	L53 8F Hua Min Empire International Building No 726	West Yan An Road	Changning District	Shanghai		1,716 20
Full Network Hardware International	Rm 6A, Building E, Hua Ting Jia Yuan	Bei Si Huan Zhong Lu	Chao Yang Dist	Beijing	100029	45 92
Global Network Brokers	Workshop E2 9/F Wah Lok Industrial Centre	31-35 Shan Mei St	Folan	Hong Kong		68,117 31
Global Network Solutions Ltd	Workshop E2 14/F Wah Lok Industrial Centre	31-35 Shan Mei St	Folan	Hong Kong		47,006 03
Hamiltone Ltd	38a Station Road	Portslade	Sussex	BN41 1AG		39 60
Hawtech Systems Limited	Room 223, Juboda Office Building	No 3, Wentli road	Fengtai District	Beijing		1,307 60

Gen-X IT Ltd - In Administration

HM Revenue & Customs	Durrington Bridge House	Barrington Road	Worthing	BN12 4SE		45,000 00
Honda Contract Hire	Blake House	Hatchford Way	Birmingham	B26 3RZ		269 38
Inter Data Systems \$	Am Kreuzstein 82-84	Maintal		63477		145 99
Intermedia Technologies Company Ltd	4th Floor	Imperial House, 15 Kingsway	London	WC2B 6UN		375 98
InXpress	5 Blueberry Business Park	Wallhead Road	Rochdale	OL16 5AF		1,489 08
IT Integrated Solutions Kft	Istráng u 10	Budapest 1162	Hungary			1,455 80
LanPartsDirect Limited	Lakeside House	Stockley Park	Uxbridge	UB11 1BD		432 00
Lex Vehicle Partners Ltd	Heathside Park	Heathside Park Road	Stockport	SK3 ORB		752 39
Lexus Financial Services	PO Box 557	Portsmouth	PO6 4WL			296 45
MDO Counters Ltd	53 Rainbow Drive	Atherton	Manchester	M46 9ND		114 00
Mercedes-Benz	Tongwell	Milton Keynes	MK15 8BA			759 00
Microwire Telecommunication S r l	Viale del Tintoretto, 448	00142 Rome	Italy			0 07
Mint Office Supplies	40 Great Lister Street	Birmingham	B7 4LS			20 62
Movita Systems UK	24 Lodge Drive	Culcheth	Warrington	WA3 4ES		-
Network Alliance Technologies Ltd	RM 1105 11/F Lippo Centre	189 Queensway	Admiralty	Hong Kong		30,282 07
Network Leasing	165 Bath Road	Slough	Berkshire	SL1 4AA		531 02
Network Rail	Accounts Receivable (Property)	PO Box 4278	4 Travis Street	Manchester	M60 3BP	1,423 96
New Net Sure Tech Co ,Ltd	Room 804, WenSheng Center	WenJin Plaza	LuoHu District	Shenzhen	518000	5,367 62

Gen-X IT Ltd - In Administration

North Atlantic Trading APS	Kalkbraendalobskaj 6	2100	Copenhagen	Denmark		45 48
Preferential Creditors						12,000 00
Procom Technologie GmbH & Co KG	Railfeisenstraße 3	48161 Munster	Germany			452 86
Rapidsource IT Limited	1 West place	West Road	Harlow	essex	CM20 2GY	54 00
Sage (UK) Limited	PO Box 4598	Worthing	BN11 9BU			513 93
Sail Network Co., Ltd	Room 309, Building 12	Lane 3599, Qixin Road	Minhang District	Shanghai	China	8,833 37
Sea View Technologies, Inc	22 Industrial Drive	Exeter	NH 03833			9 97
Senetic SA	ul Kosciuszki 227	40-600	Katowice	Poland		5 72
Sunrise IT	ul Sulkowskiego 5	62-800 Kalisz	Poland			-
The Carroll Cleaning Company Ltd	Spring Hey Mill	Green Lane	Halifax	HX4 8DQ		673 49
The Insolvency Service	Finance Section	3rd Floor Cannon House	18 The Priory Queensway	Birmingham	B4 6BS	-
The IT Exchange Ltd	Unit 12 Minkstone Works	Normacol Road	Longton	Stoke-on-Trent	ST3 1PR	12 00
THT Systems	3/F, No6 On Lok Mun Street	On Lok Tsuen	N T	Hong Kong		682 52
TNT	PO box 186	Ramsbottom	Bury	BL10 9GR		392 14
Toyota Material Handling UK Limited	706 Stirling Road	Slough Trading Estate	Slough	Berkshire	SL1 4SY	-
UDM A/S	Mejlgade 45 C	DK-8000	Arhus	Denmark		55 26
UPS Ltd	UPS House	Forest Road	Feltham	Middlesex	TW13 7DY	-
Vauxhall Leasing- Ald Automotive	Oakwood Park	Lodge Causeway	Fishponds	Bristol	BS16 3JA	237 59
Veolia	Kingswood house	Kingswood crescent	Cannock	Staffordshire	WS11	

Gen-X IT Ltd - In Administration

							8JP	279 44
Vodafone								867 86
W W Digital Ltd	8 Prospect Place		East Pimbo	Skelmersdale	Lancashire		WN8 9QD	510 00
Western Solutions Ltd	Unit 102		Viglen House	Alperton Lane	London		HA0 1HD	-
XCES BV	Fokkerstraat 22		3905 KV Veenendaal	The Netherlands				-
Zetacom\$	Brusselstraat 37		B-2321 Meer					0 01
Zen Internet Ltd	Sandbrook Park		Sandbrook Way	Rochdale	OL11 1RY			54 00
Total								623,962 40

NOTE: RBSIF holds security by way of a fixed and floating charge over the Company's assets which was created on 22 December 2014

APPENDIX C

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
20 JANUARY 2016 TO 14 MARCH 2016**

	Statement of Affairs £	Received/ Paid by RBSIF £	Received/ Paid by Joint Administrators £	Cumulative £
RECEIPTS				
Book Debts	157,534	109,857 46	-	109,857 46
Cash in hand	234,387	-	44,160 00	44,160 00
Stock	38,000	-	-	-
Office & IT Equipment	2,500	-	-	-
Corporation Tax Refund	n/k	-	-	-
Directors' Loan Accounts	n/k	-	-	-
Insurance Claim	126	-	125 76	125 76
Bank Interest	-	-	15 73	15 73
	<u>432,547</u>	<u>109,857 46</u>	<u>44,301 49</u>	<u>154,158 95</u>
PAYMENTS				
Wages		-	(4,040 85)	(4,040 85)
Bank Charges		-	(15 00)	(15 00)
IT Systems		-	(90 00)	(90 00)
		<u>-</u>	<u>(4,145 85)</u>	<u>(4,145 85)</u>
DISTRIBUTIONS				
RBSIF		(109,857 46)	(7,440 00)	(117,297 46)
BALANCE IN HAND				
		<u>-</u>	<u>32,715 64</u>	<u>32,715 64</u>

Note Cerberus Asset are currently holding £32,500 plus VAT in relation to the sale of the Stock and Office & IT Equipment. This is anticipated to be received by the Joint Administrators shortly. The Bank is also holding the credit balance on the accounts to our order.

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Director		Manager 2		Administrator 1		Total		Average	
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £	Hourly Rate £
Financial assessment	60	2,700 00	10	320 00		-	70	3,020 00		431 43
Strategy & purpose evaluation	220	9,900 00	25	800 00	85	2,210 00	330	12,910 00		391 21
Preparation of documents	38	1,710 00	10	320 00	5	130 00	53	2,160 00		407 55
Chargeholder	22	990 00	-	-	-	-	22	990 00		450 00
Court related issues	28	1,260 00	-	-	-	-	28	1,260 00		450 00
Total	368	16,560 00	45	1,440 00	90	2,340 00	503	20,340 00		
Average Hourly Rate (£)		450 00		320 00		260 00		404 37		
All Units are 6 minutes										

DETAILED ANALYSIS OF PRE-ADMINISTRATION TIME

Financial Assessment

Time was spent reviewing the Company's assets and liabilities and ensuring an administration purpose could be achieved

Strategy & purpose evaluation

This involved discussions and meetings with the directors, our appointed agents and solicitors to ensure that at least one of the three statutory purposes could be achieved

Time was spent carrying out a comprehensive review of all insolvency options available to the Company

Preparation of documents

Time has been incurred preparing the engagement letter and verifying the directors' and shareholders' identities in compliance with money laundering obligations

Time was also spent reviewing appointment documentation prepared by appointed solicitors

Chargeholder

Time was spent providing the secured creditors with details of the administration strategy

Court Related Issues

Time was spent liaising between the Company directors, appointed solicitors and the secured creditors in respect of the filing of the Notice of Intention to appoint Administrators and the Notice of Appointment

APPENDIX E

JOINT ADMINISTRATORS' FEES ESTIMATE

	Director		Senior Manager		Manager 1		Manager 2		Administrator 1		Administrator 2		Administrator 3		Administrator 4		Total		Average	
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £	Hourly Rate £
A01 Statutory & Review	100	4,500.00	11	451.00	5	182.50	100	3,200.00	150	3,500.00	19	437.00	17	357.00	4	60.00	408	13,087.50	322.35	
A02 Receipts & Payments	20	900.00	2	82.00	3	109.50	17	544.00	100	2,600.00	9	207.00	16	336.00	25	375.00	192	5,153.50	268.41	
A03 Insurance	10	450.00	1	41.00	1	36.50	8	256.00	20	520.00	2	46.00	1	21.00	1	15.00	44	1,385.50	314.89	
A04 Assets	450	20,250.00	80	3,280.00	150	5,475.00	200	6,400.00	400	10,400.00	50	1,150.00	50	1,050.00	50	750.00	1,430	48,755.00	340.94	
A05 Liabilities	400	18,000.00	17	697.00	50	1,825.00	250	8,000.00	500	13,000.00	50	1,150.00	66	1,385.00	50	750.00	1,384	44,888.00	323.76	
A06 Landlords	20	900.00	1	41.00	2	73.00	1	32.00	20	520.00	3	69.00	1	21.00	-	-	48	1,556.00	345.00	
A08 Debenure Holder	40	1,800.00	3	123.00	1	36.50	15	480.00	10	260.00	1	23.00	2	42.00	1	15.00	73	2,179.50	380.75	
A09 General Administration	100	4,500.00	4	164.00	9	328.50	14	448.00	100	2,600.00	14	322.00	60	1,260.00	100	1,500.00	402	11,122.50	276.68	
A11 Appointment	17	785.00	5	205.00	2	73.00	15	480.00	47	1,222.00	12	276.00	6	126.00	10	150.00	114	3,297.00	289.21	
A12 Planning & Strategy	20	900.00	3	123.00	4	145.00	2	64.00	4	104.00	1	23.00	1	21.00	3	45.00	38	1,428.00	375.26	
A13 Post Appointment Credits Kings	75	3,375.00	14	574.00	3	109.50	50	1,600.00	200	5,200.00	10	437.00	22	462.00	8	120.00	391	11,977.50	303.77	
A15 Investigations	250	11,250.00	50	2,050.00	50	1,825.00	150	4,800.00	350	9,100.00	6	138.00	11	231.00	14	210.00	881	29,604.00	336.03	
A30 Legal Services	100	4,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	4,500.00	450.00	
Total	1,602	72,090.00	191	7,831.00	280	10,226.00	822	26,304.00	1,901	49,425.00	186	4,278.00	253	5,313.00	266	3,990.00	5,603	179,452.00		
Average Hourly Rate (£)		450.00		410.00		365.00		320.00		260.00		230.00		210.00		150.00		325.10		
All Units are 6 minutes																				

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

- Case management reviews to ensure timely progress of all work, to include regular team meetings, and compliance team file reviews,
- Allocation of staff, management of staff, case resourcing and budgeting,
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice,
- Preparation and submission of statutory returns including reports due under the Company Directors' Disqualification Act 1986,
- Review of directors' sworn statement of affairs and filing of document at Companies House, and
- Completion of case closing procedures

Receipts and Payments

- Opening of case bank accounts,
- Management of case bank accounts to ensure compliance with relevant risk management procedures,
- Preparation of periodic receipts and payments accounts as required for statutory reporting purposes,
- Timely completion of all post appointment tax and VAT returns, and
- Managing estate expenses

Insurance, Bonding and Pensions

- Progressing any pre-appointment insurance claims,
- Notification and progression of post-appointment insurance claims,
- Periodic review of insurance requirements, to minimise costs to the estate,
- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005,
- Periodic review of bonding requirements,
- Completion and submission of statutory notifications under the Pensions Act 2004, and
- Liaising with pension companies to arrange for prompt wind up of schemes

Assets

- Agreeing and implementing a strategy for realisation of Company assets,
- Instruction of and liaising with agents as required,
- Liaising with Company's bankers re pre-appointment bank accounts,
- Identification and return of third party assets, and
- Identification and dealing with any assets subject to retention of title

Liabilities

- Dealing with enquiries and processing of claims from the Company's creditors,
- Liaising and investigations the contingent and disputed claims,
- Dealing with enquiries and claims from the Company's employees,

Gen-X IT Ltd - In Administration

- Preparation, review and submission of pre-appointment tax and VAT returns if required, and
- Preparation and submission of periodic progress reports to creditors

Landlords

- Review of current leases in respect of Company premises, and
- Liaising with landlords in respect of premises

Debenture Holder

- Providing regular updates to the debenture holders with regards to the progress of the administration

General Administration

- General planning matters,
- Setting up and maintaining the liquidators' records,
- Arranging collection and storage of company records, and
- Dealing with general correspondence and communicating with directors and shareholders

Appointment

- Statutory notifications to creditors and other interested parties following the administrators' appointment,
- Preparation of case plan, and
- Formulation of case strategy, including recording of any strategic decisions

Planning & Strategy

- Regular reviews to the strategy of the administration and that the appropriate administration purpose can be achieved

Post Appointment Creditors' Meetings

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration,
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (Amendment) Rules 2015, and
- Convening a meeting by correspondence to agree Fees Estimate with appropriate body of creditors,
- Reporting on outcome of voting

Investigations

- Conducting initial investigations into the Companies affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Companies Directors Disqualification Act 1986
- Identify any further possible realisations for the estate and what further investigations, if any, might be appropriate in accordance with the guidance set out in SIP 2

Legal Services

- Legal advice from Leonard Curtis' in house lawyer in connection with creditor claims and stayed legal actions

APPENDIX F

ANALYSIS OF JOINT ADMINISTRATORS TIME COSTS FROM 20 JANUARY 2016 TO 26 FEBRUARY 2016

	Director		Manager 1		Manager 2		Administrator 1		Administrator 4		Total		Average	
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £	Hourly Rate £
Statutory & Review	18	810 00	-	-	-	-	5	130 00	-	-	23	940 00	408 70	
Receipts & Payments	-	-	-	-	-	-	19	494 00	-	-	19	494 00	260 00	
Insurance	8	360 00	-	-	-	-	5	130 00	-	-	13	490 00	376 92	
Assets	529	23,805 00	52	1,898 00	-	-	60	1,560 00	-	-	641	27,263 00	425 32	
Liabilities	307	13,815 00	-	-	113	3,616 00	107	2,782 00	6	90 00	533	20,303 00	380 92	
Landlords	-	-	-	-	5	160 00	-	-	-	-	5	160 00	320 00	
Debtenture Holder	41	1,845 00	-	-	10	320 00	-	-	-	-	51	2,165 00	424 51	
General Administration	66	2,970 00	-	-	50	1,600 00	29	754 00	367	5,505 00	512	10,829 00	211 50	
Appointment	17	765 00	-	-	15	480 00	47	1,222 00	-	-	79	2,467 00	312 28	
Planning & Strategy	27	1,215 00	-	-	-	-	-	-	-	-	27	1,215 00	450 00	
Post Appointment Credits Mfings	130	5,850 00	-	-	10	320 00	100	2,600 00	-	-	240	8,770 00	365 42	
Investigations	300	13,600 00	-	-	30	960 00	-	-	-	-	330	14,460 00	438 18	
LEGAL SERVICES - Preparation	15	675 00	-	-	-	-	-	-	-	-	15	675 00	450 00	
Total	1,458	65,610 00	52	1,898 00	233	7,456 00	372	9,672 00	373	5,595 00	2,488	90,231 00		
Average Hourly Rate (£)		450 00		365 00		320 00		260 00		150 00		362 66		
All Units are 6 minutes														

DETAILED ANALYSIS OF TIME SPENT

1. Statutory & Review

This involved reviewing the case file to ensure all matters were being progressed and statutory requirements were met.

2 Insurance

This involved arranging the relevant insurances required and ensuring that the premises was secure on our appointment

3. Assets

This involved spending time completing a sale of the stock and office & IT equipment Time has also been spent corresponding with Cisco in relation to the Cisco stock held by the Company on our appointment This also involved discussions with the secured creditor in relation to the book debt collection exercise

4. Liabilities

Time was spent attending site on appointment in order to make the necessary redundancies A portion of time was spent dealing with general queries from trade creditors and employees by post, telephone and email Time was also spent liaising with Cisco regarding their claim

5 Debenture Holder

Time has been spent providing an update on the administration to the debenture holders

6 General Administration

This includes setting up the case file and engaging in general correspondence

7. Appointment

This involved notifying creditors and all relevant parties of our appointment as administrators including complying with statutory requirements

8. Planning & Strategy

Time was spent ensuring that an administration purpose could be achieved

9. Investigations

Time was spent on initial investigations on the directors conduct prior to our appointment, and preliminary reviews in respect of the Company's books and records to identify any potential actions that may be available to an Administrator/Liquidator

10 Legal Services

Time has been spent by our in house lawyer reviewing the claim against the Company from Cisco

JOINT ADMINISTRATORS' STATEMENT OF LIKLEY EXPENSES

Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	10 00
Bond Fee	Insurance bond	400 00
Company Searches	Extraction of company information from Companies House	10 00
Document Hosting	Hosting of documents for creditors	42 00
Software Licence Fee	Case management system licence fee	87 00
Statutory Advertising	Advertising	157 50
Storage Costs	Storage of books and records	550 00
Post redirection	Redirection of post	160 00
	Total standard expenses	1,416.50

Case Specific Expenses

Type	Description	Amount £
Agents' Fees	Costs of valuing and realising assets	12,500 00
Debt Collection Fees	Costs of collection of debts	7,500 00
Legal Fees	Costs of appointed solicitors	10,000 00
Other professional fees	Costs of employee advice and accountancy advice	6,000 00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	100 00
Administrators Staff	Costs of travel	10 60
	Total case specific expenses	31,110 60

LEONARD CURTIS CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

6 Jan 2014 onwards	Standard £
Director	450
Senior Manager	410
Manager 1	365
Manager 2	320
Administrator 1	260
Administrator 2	230
Administrator 3	210
Administrator 4	150
Support	0

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below.

- a) **Standard Expenses** – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
AML checks	Electronic client verification in compliance with the Money Laundering Regulations 2007	£5.00 plus VAT per individual
Bond / Bordereau fee	Insurance bond to protect the insolvent entity against losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case
Company searches	Extraction of company information from Companies	£1.00 per document

	House																									
Document hosting	Hosting of documents for creditors	<table> <tr> <th>Type</th><th>100 creds</th><th>Every addtl 10</th></tr> <tr> <td>ADM</td><td>£14 00</td><td>£1 40</td></tr> <tr> <td>CVL</td><td>£7 00</td><td>£0 70</td></tr> <tr> <td>MVL</td><td>£7 00</td><td>£0 70</td></tr> <tr> <td>CPL</td><td>£7 00</td><td>£0 70</td></tr> <tr> <td>CVA</td><td>£10 00</td><td>£1 00</td></tr> <tr> <td>BKY</td><td>£10 00</td><td>£1 00</td></tr> <tr> <td>IVA</td><td colspan="2">£10 p a or £25 for life of case</td></tr> </table>	Type	100 creds	Every addtl 10	ADM	£14 00	£1 40	CVL	£7 00	£0 70	MVL	£7 00	£0 70	CPL	£7 00	£0 70	CVA	£10 00	£1 00	BKY	£10 00	£1 00	IVA	£10 p a or £25 for life of case	
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BKY	£10 00	£1 00																								
IVA	£10 p a or £25 for life of case																									
Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £160 00 3-6 months £240 00 6-12 months £390 00																								
Software Licence fee	Payable to software provider for use of case management system	£87 00 plus VAT per case																								
Statutory advertising	Advertising of appointment, notice of meetings etc - London Gazette - Other	£78 75 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5 07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions	Time costs plus disbursements plus VAT
Other disbursements	See disbursements section below	See disbursements section below

Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£70 40 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

FORM 2.20B – NOTICE OF A MEETING OF CREDITORS BY CORRESPONDENCE

Notice of a meeting of creditors

Name of Company

GEN-X IT LTD

Company number

04480097

In the
Manchester District Registry of the High Court

(full name of court)

Court case number
2030 of 2016(a) Insert full name(s) and
address(es) of
administrator(s)Notice is hereby given by (a) Kevin Murphy & Andrew Poxon of Leonard Curtis
Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ(b) Insert full name and
address of registered office of
the company

that, under paragraph 58 of Schedule B1 of the Insolvency Act 1986 and Rule 2 48 of the Insolvency Rules 1986, the

business of an Initial Creditors' Meeting of (b) GEN-X IT LTD,

Sol House 24 Dark Lane Manchester M12 6FA

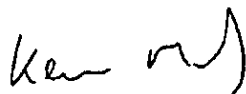
will be conducted by correspondence

The resolutions to be considered include resolutions specifying the bases upon which the Administrators' remuneration and disbursements are to be calculated, requesting that unpaid pre-administration costs may be paid as an expense of the Administration, and specifying the date upon which the Administrators are discharged from liability in respect of any action of theirs as Administrators

The closing date for receipt of Forms 2 25B by the Joint Administrators is 30 March 2016. The form must be accompanied by a statement of claim, if one has not already been lodged, and sent to the Joint Administrators' office

Any creditor who has not received Form 2 25B can obtain one from the Joint Administrators' office

Signed



Kevin Murphy - Joint / Administrator(s)

Dated

14 March 2016

* Delete as applicable

A copy of the *proposals / ~~revised proposals~~ is attached

FORM 2 25B – NOTICE OF CONDUCT OF BUSINESS BY CORRESPONDENCE

Notice of conduct of business by correspondence

Name of Company GEN-X IT LTD	Company number 04480097
In the Manchester District Registry of the High Court <small>(full name of court)</small>	Court case number 2030 of 2016

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

Notice is hereby given by (a) Kevin Murphy & Andrew Poxon of Leonard Curtis

Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ

(b) Insert full name and
address of registered
office of the company

to the creditors of (b) GEN-X IT LTD, Sol House, 24 Dark Lane,

Manchester, M12 6FA

(c) Insert number of
resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) Five
resolutions for your consideration Please indicate below whether you are in favour or against each resolution

This form must be received at (d) Leonard Curtis

(d) Insert address to which
form is to be delivered

Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ

by 12 00 hours on (e) 30 March 2016 in order to be counted It must be accompanied by
details in writing of your claim Failure to do so will lead to your vote(s) being disregarded

(e) Insert closing date

Resolution 1

That the Joint Administrators' proposals be approved

I am *in Favour / Against

Resolution 2

Under Rule 2 106 of the Insolvency Rules 1986 (as amended) and in the absence of a Creditors' Committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £179,452)

I am *in Favour / Against

Resolution 3

That unpaid pre-administration costs may be paid as an expense of the Administration

I am *in Favour / Against

Resolution 4

That the basis of the recharge of the Joint Administrators' category 2 disbursements be fixed by reference to the rates set out in their Para 49 report and that they be authorised to be reimbursed such disbursements as and when funds permit

I am *in Favour / Against

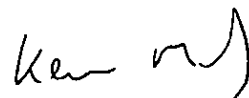
Resolution 5

That the Joint Administrators be discharged from liability under Paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment ceasing to have effect

I am *in Favour / Against

If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed



Kevin Murphy
Joint / Administrator(s)

Date

14 March 2016

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor

Signature

Capacity

(if signing on behalf of creditor, state capacity eg director / secretary)

STATEMENT OF CLAIM FORM

Date of administration order: 20 January 2016

Name of creditor:

Address of creditor.

Gross amount of claim:
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can be
substantiated
(eg invoices)

Particulars of how and when debt
incurred

Particulars of any security held, the
value of the security and the date it
was given

Signature of creditor or person
authorised to act on his behalf:

Name in BLOCK CAPITALS:

Position with or relation to creditor.
