



Spring Fibre UK Limited– in Administration

Remuneration Report

Information to Creditors including Fees and
Expenses Estimates

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Glossary

Commonly Used Terms	Definition
Act / IA86	Insolvency Act 1986 (as amended)
c.	Approximately
CDDA	Company Directors Disqualification Act 1986
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue & Customs
NOI	Notice of intention to appoint administrators
PAYE / NIC	Pay-as-you-earn tax / National Insurance Contributions
Preferential creditors	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay and certain unpaid pension contributions. Second ranking: HMRC in respect of certain specified debts.
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
Proposals	This Statement of Proposals and all its appendices
RPS	Redundancy Payments Service
SIP	Statement of Insolvency Practice
SIP 2	Investigations by office holders in administration and insolvent liquidations
SIP 9	Payments to insolvency office holders and their associates from an estate
SIP 16	Pre-packaged sales in administrations
Unsecured creditors	Creditors who are neither secured nor preferential. Principally trade creditors, landlords, intercompany debts and utility providers. HMRC and employee-related claims that do not rank preferentially are included here.
VAT	Value Added Tax

Case Specific References	Meaning
Administration	The Administration of the Company
Administrators / Joint Administrators / we / our / us	Christopher Jon Bennett, Shamil Ishan Malde and Andrew James Johnson
Appointment Date / Transaction Date	4 November 2024
APA	Asset Purchase Agreement
The Board	The board of directors of the Company
Clumber	Clumber Consultancy Limited
The Company / Spring	Spring Fibre Limited – in Administration
Hilco	Hilco Valuation Services
HSBC	HSBC UK Bank plc
IT	Information Technology. Relates to all IT assets pertaining to the transaction and includes all computer hardware and software, including laptops but excluding hardware located at head office.
Loan Agreement	Loan facility provided by DICP Holdco Limited of £55m. This was secured by a fixed and floating charge over the assets of the Company.
Proposals	The Joint Administrators' Proposals issued on 11 November 2024
Purchaser	Harmony Networks Limited
Secured Creditor / Lender	Creditors with security in respect of their debt in accordance with Section 248 IA86. In this case, the Secured Creditor is DICP Holdco Limited (at the time of the Loan Agreement called RAMIIF Holdco No.2 Limited and ultimately owned by RMI Infrastructure ("RMI")). In May 2024, Fiera Infrastructure Fund took over from RMI as ultimate owner of the Secured Creditor.
Shoosmiths	Shoosmiths LLP
Transaction	Pre-packaged sale of the Company's assets to the Purchaser
WIP	Work in progress



Introduction

Purpose of This Remuneration Report

Before the basis of our remuneration can be fixed, we are required to provide all creditors with certain information on the proposed basis of our fees, estimates of expenses and details of the work we intend to do.

Requirement for Fee Approval

- When a company enters a formal insolvency process under the control of an insolvency practitioner, the costs of the proceedings are paid out of the assets of the company and include the insolvency practitioner's fees and expenses.
- We must seek approval to the basis of our fees and certain categories of expenses before they are paid. Approval must be sought from the appropriate class(es) of creditors or the court, as determined by insolvency law and the circumstances of the case.
- In this case, the basis of our fees and expenses must be fixed by the Secured Creditor and the preferential creditors of the Company, unless a committee is appointed. Fee approval will be sought in due course.
- We set out on the next page the information that is included in this report, where further information can be obtained and what creditors' rights are.
- Please contact us if you have any questions, using the details provided opposite.

Yours faithfully,
For and on behalf of the Company



Christopher Jon Bennett
Joint Administrator

Christopher Jon Bennett, Shamil Ishan Malde and Andrew James Johnson (the "Joint Administrators") of FTI Consulting LLP have been appointed as joint administrators of Spring Fibre Limited ("the Company"). The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986. The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company and without personal liability. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information in our Data Privacy statement on our website at: <https://www.fticonsulting.com/uk/creditors-portal>.

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: SpringFibre@fticonsulting.com

Post: Spring Fibre Limited – in Administration
c/o FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London
EC1A 4HD
United Kingdom

Tel: +44 (0)20 3319 5585

- During the course of the Administration, documents will be made available for viewing and downloading at: www.ips-docs.com, using the login details previously provided.
- Further information can be found online at: www.fticonsulting.com/uk/creditors-portal/spring-fibre-limited

Purpose of This Remuneration Report

Before the basis of our remuneration can be fixed, we are required to provide all creditors with certain information on the proposed basis of our fees, estimates of expenses and details of the work we intend to do.

Information Provided in this Remuneration Report

- We have set out the proposed basis for our remuneration along with the following information which you should find helpful:
 - An explanation of the work we expect to do;
 - An overview of the insolvency process including an account of our receipts and payments; and
 - Our current estimate of the outcome for creditors.
- You can also refer to our Proposals which provided further information on the Company and events leading up to our appointment. That report is still available online or you can contact us if you require a hard copy. See opposite for details on how to contact us.

Other Information

- We will furnish creditors free of charge with such information concerning the Company's affairs as they may reasonably require.
- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about complaints policy and Professional Indemnity Insurance, can be found at: www.fticonsulting.com/uk/creditors-portal/forms-and-information.
- A copy of SIP9 can be found at: www.icaew.com/regulation/insolvency/sips-regulations-and-guidance/statements-of-insolvency-practice/statements-of-insolvency-practice-sips-england/sip-9.
- A creditors' guide to administrations can be found on our website at www.fticonsulting.com/uk/creditors-portal/forms-and-information. It includes information to help creditors understand their rights and describes how best these rights can be exercised. The website also has a creditors' guide to administrators' fees which is intended to help creditors be aware of their rights under legislation to approve and monitor fees; and explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive. The above documents on our website are called:
 - Creditors Guide to Administration (E&W, February 2023)
 - Guide to Administrators Fees April 2021 England Wales



Basis of Remuneration

Pre-Administration Costs

As set out in our Proposals, pre-Administration costs are fees charged and expenses incurred by the administrators (or another insolvency practitioner) before the Company entered Administration but with a view to it doing so.

Administrators' pre-Administration time

- Whilst our primary pre-appointment role was to support the Company in completing a sale of the business, when it became clear that insolvency of the Company was inevitable, following submission of the first NOI on 21 October 2024, we worked with the Company's Directors and their legal advisers in preparing for the administration.
- The Directors placed the Company into administration on 4 November 2024. Our time costs from 21 October 2024 in relation to our pre-Administration work before our appointment over the Company, totalled £132,975.60 (plus VAT). Some £110,818.80 of this amount was paid by the Company shortly before our appointment, and therefore pre-Administration time costs of £22,156.80 remain unpaid.
- We believe that our role in preparing and planning for our appointment made a significant contribution to achieving the purpose of the Administration as it allowed us to execute the Transaction immediately after our appointment. If this work had not been done prior to our appointment, we would not have been able to execute the Transaction immediately after appointment, leading to worse outcomes for the Company's creditors.
- The work included preparing for our appointment as administrators over the Company as required by the Transaction, as well as providing ad-hoc related advice to the Company and the Secured Creditor as required by the situation.
- Our costs of £132,975.60 (plus VAT) in relation to placing the Company into Administration included, but was not limited to:
 - Statutory insolvency obligations: gathering key information from management; preparation and review of pre-appointment checklists and day 1 letters and notifications; preparing strategy documents; arranging open cover insurance; discussions on collection of electronic books and records; discussions regarding stock, including location, ease of access for potential purchasers and value.
 - Employee matters: gathering information on employees and liaising with Clumber Consulting regarding planned redundancies and drafting the HR1 form.
 - Sale of assets: engaging with prospective purchasers; assisting management to update sale materials; coordinating information requests between the Company and prospective purchasers; liaising with Shoosmiths on the transaction; negotiating and finalising the APA with the Purchaser; liaising with the Secured Creditor and their legal counsel on the sales process; and agreeing the necessary releases of security.
- Other pre-Administration costs incurred:
 - Shoosmiths charged £52,667.30 plus VAT to the Company under an engagement letter dated 28 August 2024 with the proposed administrators, for advice given to the then prospective administrators in relation to the Transaction, negotiating the SPA and other matters relating to their appointment.
 - It was necessary for this work to take place prior to our appointment in order to agree to the Transaction immediately after our appointment.
- A summary of pre-Administration costs paid and unpaid is set out in the table below. Please note that the unpaid portion of our pre-Administration time costs incurred as set out in our Proposals was underreported by £6,950.
- We do not intend to seek approval for the unpaid pre-Administration costs (of £22,156.80) to be paid as an expense of the Administration.

Pre-Administration costs (£ plus, VAT)			
	Paid	Unpaid	Paid by
Our fees as administrators-in-waiting	110,818.80	22,156.80	Company
Fees charged by Shoosmiths, who provided legal advice to the administrators-in-waiting	52,667.30	0	Company
Total	163,486.10	22,156.80	

Our Fees and How They Are Determined

We are proposing that our remuneration for acting as joint administrators is to be calculated as a set amount (a fixed fee).

Insolvency Legislation

- Insolvency law allows fees to be calculated in the three ways set out below. Different bases (or a combination of them) can be used for different parts of the work.
 - As a percentage of the value of the property realised and/or distributed (often referred to as a “percentage basis”).
 - By reference to the time properly given by the office-holders and their staff in attending to the matters arising (“time cost basis”); or
 - A set amount (a fixed fee).
- The office-holders must seek approval to the proposed basis (or combination of bases) and provide sufficient supporting information in order for the fee approving body to decide whether it represents the most appropriate mechanism in the circumstances of the case. This information must include details of:
 - the expenses the office-holders consider will be (or are likely to be) incurred; and
 - the work the office-holders propose to undertake.
- Insolvency law says that in determining the basis of remuneration, regard must be had to the following:
 - The complexity (or otherwise) of the case;
 - Any exceptional responsibility falling on the office-holders;
 - The effectiveness with which the office-holders are carrying out, or have carried out, their duties; and
 - The value and nature of the property with which the office-holders have to deal.
- If any part of the remuneration is intended to be taken on a time cost basis, the office-holders must also provide a fees estimate to all creditors, containing:
 - the hourly charge-out rate(s) proposed for each part of that work;
 - the time the office-holders anticipate each part of that work will take; and
 - whether (and if so, why) the office-holders anticipate it will be necessary to seek further approval to exceed the fees estimate. The office-holders cannot draw remuneration in excess of the total amount set out in a fees estimate without approval.

Proposed Basis of Remuneration

- In this case, we are proposing that our remuneration be determined on a fixed fee basis with £50k plus VAT to be paid from fixed charge realisations and £350k plus VAT to be paid from floating charge realisations. By way of comparison only, up to and including 4 February 2025, we have incurred c. £315k in time costs.
- We are proposing a fixed fee because the majority of asset realisation work undertaken pertained to the Transaction (much of which has now been completed). The remaining work will predominantly relate to controlling our appointment, dealing with creditors, fulfilling our statutory duties and managing the Company’s affairs.
- These workstreams are comparatively predictable and reasonably quantifiable, with a lower risk of unforeseen issues. A fixed fee therefore provides a degree of certainty on costs in relation to these workstreams whilst avoiding additional reporting burdens associated with a time cost fees estimate.
- In the following sections, we have included an overview of our work during the period of our appointment, our progress to date, a summary of our latest estimates on the outcome for creditors and an estimate of our expenses, in order for the fee approving body to make an informed judgement about the reasonableness of our request.
- If you have any questions in relation to the content of this report or the case generally, please contact us using the details provided earlier.



Details of Our Work

Work Expected to be Undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Controlling our Appointment	<ul style="list-style-type: none"> ■ Strategy and planning: including devising and maintaining appropriate strategies for achieving the purpose of the Administration, engagement team meetings and documenting key decisions (O). ■ Case reviews: periodic reviews of the Administration, typically every six-months (O). ■ Financial Management: preparing and maintaining cost budgets, estimated outcome statements etc, as appropriate for the case (O). ■ Remuneration: giving information to creditors, seeking fee approval in accordance with insolvency legislation requirements, maintaining budgets and drawing fees when approved (O). ■ Closure matters: planning and preparation for ending the Administration and ultimate dissolution of the Companies (F). 	<ul style="list-style-type: none"> ■ We have a duty to perform our functions as quickly and efficiently as reasonably practicable, in the best interests of the creditors as a whole. ■ Whilst not necessarily generating a direct financial benefit for creditors, these areas of our work ensure that our strategies to maximise realisations and minimise costs (and liabilities where possible), are kept under review and amended as appropriate. ■ Our work in relation to the determination of our remuneration and expenses is in compliance with statutory and regulatory requirements.
Asset Realisations	<ul style="list-style-type: none"> ■ Sale of assets: Following the immediate sale of the assets, we will fulfil any post-sale obligations and undertake the reasonable work required to support the transfer of assets to the Purchaser, such as novations of contracts or leases, communications as necessary with counter-parties, completion of transfer documentation etc (O). ■ Other assets: Recovering remaining assets including the funds held by HSBC in pre-appointment accounts, and outstanding VAT receivable (O). ■ Insurance: arrange 'open cover' insurance immediately on appointment, work with our insurance brokers to agree the scope of any ongoing insurance requirements and manage the policies as required; including cancellation and payment of premiums (O). ■ Bonding: arrange specific penalty bonding for each of the joint administrators following their appointment, paying premiums and cancelling the bonds once the appointment comes to an end (O). 	<ul style="list-style-type: none"> ■ Realisation of assets is a primary objective of any insolvency case because it is necessary to recover the value from the Company's assets for distribution to creditors. ■ Pursuit of asset realisations are only undertaken if economical to do so and in the best interests of creditors, i.e., the net result for creditors is positive. ■ Insurance cover is a necessary financial loss protection for the Company, its creditors and the Administrators in respect of assets held (and any insurable risks arising) during the course of the Administration. ■ Similar to insurance, bonding provides financial protection for preferential and unsecured creditors in respect of the actions of the insolvency practitioners and up to the value of the Company's assets estimated to be available for those classes of creditors. Bonding is a statutory requirement for all insolvency practitioners.

Key

C – Completed

O – Ongoing

F – To be completed in the future

Work Expected to be Undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Dealing with Creditors	<ul style="list-style-type: none"> ■ Secured creditors: liaising with / periodic reporting to the Secured Creditor; and making distributions from asset realisations under security entitlements (O). ■ Preferential claims agreement: reviewing and adjudicating on second ranking claims, including liaising with the creditors regarding the provision of supporting information and responding to queries (F). ■ Preferential dividends: preparing calculations and issuing statutory notices in advance of declaring dividends; followed by the payment of dividends and resolution of subsequent queries (F). ■ Unsecured claims agreement: reviewing and adjudicating on claims, including liaising with the creditors regarding the provision of supporting information and responding to queries (F). ■ Unsecured dividends: preparing calculations and issuing statutory notices in advance of declaring dividends; followed by the payment of dividends and resolution of subsequent queries. As required, liaising with the Insolvency Service in respect of any unbanked dividend cheques (F). ■ Where required, maintain our systems to record and maintain creditor details, claims received, the determination thereon and the payment of dividends (O). ■ Creditor queries: for all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary (O). ■ Regulatory: responding to queries from Ofcom (C). 	<ul style="list-style-type: none"> ■ Where available, distributions and dividends represent a repayment to creditors in respect of the amounts owed to them by the Company and therefore is a tangible financial benefit from the insolvency proceedings. ■ During the course of claims agreement, we perform a proportionate level work with an appropriate degree of scrutiny taking into account the quantum of the dividend available, to avoid incurring unnecessary costs and to avoid adversely impacting the recovery for creditors. ■ The objective of our adjudication work is to ensure that only genuine and accurate claims are admitted for dividend purposes and where necessary we apply our expertise and commercial judgement to mitigate liabilities where possible; for the benefit of the wider body of creditors. ■ Responding to general inbound queries can take considerable time and does not have a direct financial benefit for creditors, except for example (for individual creditors) where it is to provide debt confirmations for the purpose of credit insurance claims. To the extent possible, we encourage creditors to review information already available on our website.

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Work Expected to be Undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Managing the Company's Affairs	<ul style="list-style-type: none"> ■ Corporation Tax: prepare and submit the necessary and periodic tax returns falling due during the Administration (O). ■ VAT: prepare and submit the necessary and periodic VAT returns falling due during the Administration. This work will include making payments to (or requesting refunds from) HMRC and maintaining adequate VAT accounts (O). ■ To facilitate the above work, an initial review will be performed by our internal Tax and VAT specialists; and all the information likely to be required will be obtained from the Company's records and HMRC (C). ■ Books and records: agree the strategy for the safeguarding and destruction (when required) of the Company's records. This is expected to include a data capture of certain of the Company's electronic records, taking possession of the statutory books and other records likely to be required for the purpose of the Administration; including in respect of our duties to review the conduct of the directors (C). ■ Bank account management: opening bank accounts (under our control) for the purpose of depositing sale proceeds and other receipts, paying expenses and making distributions to creditors. Accounts are closed when no longer required and before we cease to act and are reconciled on a monthly basis (O). ■ Receipts, payments and accounting journals: maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses (O). 	<ul style="list-style-type: none"> ■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due. ■ As circumstances can often be complex, the involvement of our VAT and tax specialists ensures that the Company pays the correct amount of tax, to avoid adversely impacting any amounts available for creditors. ■ Dealing with the Company's books and records does not necessarily give a financial benefit to creditors, although they are essential when any defending actions against the Company from third parties and when adjudicating creditor claims. ■ Opening bank accounts for the Administration avoids the costs and logistics of taking control of the Company's existing accounts (which are usually closed shortly after appointment). Regular reconciliations of the new accounts assist in maintaining accurate records for the Administration.

Key

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F – To be completed in the future

Work Expected to be Undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Fulfilling Our Statutory Duties	<ul style="list-style-type: none"> ■ Initial letters and notices: issuing all necessary correspondence following our appointment to: creditors, directors, Companies House, HMRC and others. Issuing our SIP 16 Statement to creditors and our regulatory body following completion of the pre-pack transaction (C). ■ Statement of affairs: requesting statements from the directors, granting extensions to the deadline (if necessary), responding to queries from the directors and filing signed statements with Companies House (C). ■ Proposals: preparing and issuing our statement of proposals (for achieving the purpose of the Administrations) to creditors, members and filing with Companies House. Giving notice of the approval of the proposals to the above parties and the Court (C). ■ Progress reports: preparing and issuing six-monthly (and final) progress reports to creditors, including receipts and payments accounts (F). ■ Extensions to the Administrations: (if required in order to achieve the objective of the Administration and complete our work) requesting the necessary extension(s) from the relevant class(es) of creditors, or the court (F). ■ CDDA and SIP2 Assessment: gathering information from the directors and other sources, conducting an initial assessment of the Company's affairs and the conduct of the current and former directors; and submitting information to the Insolvency Service (acting for the Secretary of State). Undertaking any necessary further investigations in respect of any potential asset recovery actions or dealing with queries from the Insolvency Service (C). 	<ul style="list-style-type: none"> ■ Due to the impact of insolvency on a company's creditors and members, there are statutory requirements to give notice of the appointment of administrators to affected parties. There is no financial benefit to creditors. ■ The various other workstreams arise from statutory requirements due to the Company being in an insolvency process and similarly do not have any financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally.

Key

C – Completed

O – Ongoing

F – To be completed in the future



Estimate of Expenses

Expenses of the Administration

Costs are necessarily incurred by the Company and its Administrators during the course of the Administration. Certain categories of these costs must be approved in the same manner as remuneration prior to payment.

Definition of Expenses

- Expenses are any payments from the estate which are neither office-holders' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office-holder and then reimbursed to the office-holder from the estate.
- Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2):
 - Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office-holder. Category 1 expenses can be paid without prior approval.
 - Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office-holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.
- The types of disbursements categorised as Category 1 expenses typically include external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, bonding, invoiced travel and external services such as printing, room hire and document storage. Also included would be any properly reimbursed expenses incurred by personnel in connection with the case.
- The types of disbursements categorised as Category 2 expenses typically include mileage, in-house printing and electronic data storage.
- Our choice of professional advisors and subcontractors was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. We also considered that the basis on which they will charge their fees is appropriate in the circumstances.
- Other than the legal advice and insurance services, the work could have been undertaken by our teams, but we have outsourced it as we consider it to be more cost effective and the providers have relevant specialist experience.

Professional Advisors and Subcontractors

- The following professional advisors and subcontractors have been engaged:

Firm	Services	Fee Arrangement	Reason Selected
Clumber Consultancy Limited	Employee Claims	Fixed fee based on the number of employees	Experienced provider of employee services to insolvency practitioners
EPE Reynell	Gazette Notices	Fixed cost per advert	Specialists in dealing with legal advertising
Aon UK Limited	Insurance Risk Services	Insurance premiums	Experienced provider of insurance services to insolvency practitioners
Shoosmiths LLP	Legal Advice	Time cost basis	Experience in providing legal advice to administrators and prior knowledge of the Company
Browne Jacobson LLP	Legal Advice on validity of appointment	Fixed fee basis	Comparatively cheaper than Shoosmiths LLP due to fee basis
DSG Accountancy and Professional Services Limited	Payroll services	Fixed fee basis	The Company's pre-appointment payroll provider

Estimate of Expenses

We estimate that expenses totalling c. £71k will be incurred, principally in relation to legal fees.

Expenses Estimate

- The table opposite shows our estimate of the expenses likely to be incurred during the course of the Administration.
- We do not anticipate incurring any Category 2 expenses and therefore we will not be seeking approval to the basis upon which these may be charged to the estate. If this changes, we will write to the fee approving body at the appropriate time to seek the necessary approval.
- As the table shows, expenses totalling c. £71k (plus VAT where applicable) are estimated to arise in these proceedings, the majority of which relate to legal fees and fees in relation to employee matters. We are satisfied that the amounts expected to be incurred are reasonable in the circumstances of the case.
- There is no requirement for us to seek approval to any Category 1 expenses and the overall estimate provided does not represent a cap on the amount that can be paid. However, when reporting to creditors, we will provide an update on the amounts incurred and paid, together with an explanation for any material differences compared to this estimate.

Notes

1. Clumber Consultancy Limited were engaged to provide assistance with employee claims and pension matters for the Administration. We do not expect their fees to exceed £20,950.
2. This includes the costs of advertising (in the London Gazette) various notices and estimated costs of further advertisements required for case closure.
3. Open cover insurance was taken out on the Appointment Date in case of any insurable assets or risks in the immediate period following our appointment. It has subsequently become clear that there are no assets held by the Company that need to be insured so further insurance costs are expected to be minimal (other than statutory bonding).
4. Mail re-direction was undertaken on appointment. This expense has been incurred, and we do not anticipate further expenses being incurred in relation to mail re-direction.

Firm	Notes	Services	Estimated Cost (£)
Clumber Consultancy Limited	1	Employee Claims	20,950.00
EPE Reynell	2	Gazette Notices	297.00
Aon UK Limited	3	Insurance	900.00
Aon UK Limited	3	Bonding	225.00
Royal Mail	4	Mail Re-direction	627.00
Shoosmiths LLP	5	Legal Advice	45,000.00
Browne Jacobson LLP	6	Legal Advice	1,000.00
DSG Accountancy and Professional Services Limited	7	Payroll Services	1,474.50
Prism 339 Ltd	8	Bank statement analysis	400.00
Total Estimate			70,873.50

5. Shoosmiths LLP were engaged by the Company as legal advisors prior to the Administration and have continued to provide post-appointment advice to the Joint Administrators. In relation to the Administration, their work has principally related to general post-appointment matters of the Administration, liaising with Browne Jacobson LLP on the appointment validity report, and director queries. We anticipate that overall post-appointment legal fees will not exceed £45k and further fees will primarily relate to ongoing advice in relation to the Administration and to queries raised regarding the Transaction.
6. Browne Jacobson LLP were engaged to undertake a review of the validity of our appointment. This expense has been incurred, and no further expenses are anticipated.
7. DSG Accountancy and Professional Services Limited were the Company's pre-Administration payroll service provider. Their services were required to complete final pre-Administration payroll and issue P45s to employees.
8. Pre-Administration bank statement analysis services incurred in relation to CDDA investigations.



Overview of the Case

Background to the Administration and Asset Realisations

Since our appointment as joint administrators, we have focused our efforts on completing a sale of the business, as well as looking to recover other potential assets available for creditors.

Background to the Administration

- As outlined in our Proposals, the Company was a pre-revenue fibre to the premises platform incorporated in September 2019.
- In July 2022, the Company took out a term loan in an initial facility amount of £55m, provided by the Secured Creditor. The loan was secured by a fixed and floating charge over the assets of the Company.
- However, the Company faced challenges from rising build costs in a highly competitive market and financial performance deteriorated.
- A new management team was brought in to re-invigorate the business and undertake an operational restructuring, but the Company continued to incur losses and drew down further on its term loan. The Company was also unable to meet its cash pay interest due to the Secured Creditor on 30 June 2024 and 30 September 2024 amounting to c. £664k and c. £619k respectively.
- In August 2024, FTI was engaged to prepare for and launch an M&A process, as well as to provide ancillary services to the Company and its Board. During this time, the directors also explored options including raising additional capital and debt restructuring. The M&A process resulted in the receipt of a non-binding offer on 29 August 2024 but the potential purchaser ultimately withdrew from the sale process on 20 October 2024.
- The Secured Creditor stated to the Board on 7 October 2024 that it was considering a credit bid for the business, and that it may be prepared to continue to fund the business while it considered its potential offer.
- However, on 21 October 2024 (following the withdrawal of the potential purchaser from the sale process) the Secured Creditor informed the Board that it no longer intended to submit a credit bid and it would no longer be prepared to fund the business. At this point, the directors recognised that the Company was insolvent and filed the first NOI.

Sale of assets

- An accelerated sales process was then undertaken in the period following the issuance of the first NOI. On the date of our appointment (4 November 2024) the majority of the Company's assets were sold to Harmony Networks Limited for £1.5m. Some £1m of consideration was received immediately upon completion of the Transaction and the remainder is deferred until 2 May 2025.
- The assets sold consisted of information technology (both software and hardware); contracts pertaining to the Company; business information; intellectual property; plant & machinery and WIP; office equipment; and stock. The rationale for the allocation of consideration between these assets was provided in our Proposals.
- The Transaction provided the best outcome available for the Company's creditors as a whole, and a better outcome than would have been achieved if the Company was wound-up.
- The Transaction constitutes the majority of asset realisations in the Administration. As our work in relation to this has now largely been completed, we expect minimal further work in relation to asset realisations. We expect the majority of our future work will relate to the fulfilment of our statutory obligations, the costs of which are generally more predictable.
- Therefore, we believe a fixed fee basis is most appropriate as it avoids reporting burdens associated with a time cost fees estimate which would be detrimental to creditor returns.

Pre-Administration cash

- Shortly after our appointment, we recovered cash held in the Company's pre-Administration bank accounts totalling c. £777k. This includes the cash held in relation to a performance bond as referenced in our Proposals. Together with cash proceeds from other asset realisations, cash received is invested appropriately and interest earned is shown in our Receipts and Payments Account in Appendix B.

Estimated Outcomes

We expect the Secured Creditor to receive a total return of c. 4-5% of their claim, through a combination of fixed and floating charge realisations. We expect preferential creditors to be repaid in full.

Secured Creditor

- The Secured Creditor's lending to the Company as at the date of Administration was c.£33.5m and is secured by way of a debenture dated 19 July 2022. This gives the Secured Creditor a fixed and floating charge over all of the Company's assets.
- The Secured Creditor provided additional unsecured funding of £0.4m to allow the Company to pay its October payroll. This portion of funding is not secured by any charge over the Company's assets and, is not entitled to any of the prescribed part which is set aside for unsecured creditors.
- The Company's bank, HSBC UK Bank plc ("HSBC") benefits from a fixed charge over the Company's current account. Prior to our appointment, HSBC swept £140k out of the Company's current account in relation to a performance bond which HSBC provided in favour of Ofcom. These funds, as well as all pre-appointment bank account balances, have been returned to the Administration estate.
- The Company engaged Shoosmiths to undertake a review of the security over the assets of the Company and advise in relation to the entitlements of the Secured Creditor. The review concluded that both charges over the assets of the Company are valid.
- The Secured Creditor is expected to receive a small return but is expected to suffer a significant shortfall on its debt.

Preferential Creditors

- The Company is expected to have first-ranking preferential claims of c.£55k.
- The first ranking preferential claims relate to certain outstanding payments due to former employees, who were made redundant by the Administrators following our appointment and did not receive their arrears of wages and accrued holiday pay.
- The (second ranking) preferential claim from HMRC is estimated to be c.£269k, which relates to unpaid PAYE and NIC relating to the pre-appointment period.
- We anticipate that preferential creditors will be repaid in full. Dividends to preferential creditors are paid from floating charge realisations, after the costs of the Administration and are expected to be paid within nine months of the Administration appointment.

Preferential Creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.

Estimated Outcomes

We expect a small dividend will be available to the unsecured creditors of the Company via the Prescribed Part.

Unsecured Creditors

- In an administration, dividends may become available for unsecured creditors from two sources:
 - The statutory (ring-fenced) Prescribed Part fund; and/or
 - The surplus remaining after any secured and preferential creditors have been repaid in full.
- The Prescribed Part applies in this case as there is a floating charge created on or after 15 September 2003.
- Based on current information, we believe there will be a Prescribed Part dividend for unsecured creditors.
- If we think the costs of agreeing claims and paying a Prescribed Part dividend will be disproportionate to the benefits, we can apply for a court order not to pay the Prescribed Part to unsecured creditors. However, we do not expect such an application will be necessary.
- We think the Company's net property will be £260k - £290k which means the estimated value of the Prescribed Part is £55k - £61k. This would give a dividend of about 1.5% - 1.6% based on the estimate of unsecured creditors included in the directors' statement of affairs. These estimates depend on future realisations, Administration costs and finalising claims from unsecured creditors. This guidance is only an indication and should not be used as the main basis for any bad debt provisions or debt trading.
- We do not believe there will be any dividend for unsecured creditors in addition to the Prescribed Part.

Dividends and timing

- Dividends are expected to be paid via the Prescribed Part fund once the deferred consideration has been received (to be received in May 2025).
- Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision. The amount distributed will be determined by the final level of admitted claims and the value of the funds available.

The Prescribed Part

- Under Section 176A of the Act, where after 15 September 2003 a company has granted floating charge security, a proportion of the net property of the company (achieved from floating charge asset realisations) must be made available for the benefit of the Company's unsecured creditors.
- The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) and is calculated as follows:
 - 50% of net property up to £10k;
 - Plus 20% of the net property in excess of £10k; and
 - Subject to a maximum of £800k (prior to the deduction of the costs of distributing).

Shareholders

- There will be no return to the Company's shareholders as there will be a material shortfall to the Company's creditors.



Appendices

Appendix A: Statutory Information

Please find below a summary of statutory company information for Spring Fibre Limited

Company name:	■ Spring Fibre Limited
Previous name:	■ Lightspeed Fibre Limited (25 Sep 2019 - 23 Jun 2020) ■ Light Speed Fibre Limited (25 Sep 2019 - 25 Sep 2019)
Trading name:	■ Spring Fibre
Company number:	■ 12225396
Date of incorporation:	■ 25 September 2019
Trading address:	■ Thames Tower, Station Road, Reading, England, RG1 1LX
Current registered office:	■ c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Former registered office:	■ Thames Tower, Station Road, Reading, England, RG1 1LX (from 4 October 2023 to 6 November 2024)
Principal trading activity:	■ Wired telecommunications activities
Administrators:	■ Christopher Jon Bennett, Shamil Ishan Malde and Andrew James Johnson
Administrators' address:	■ c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Date of appointment:	■ 4 November 2024
Court name and reference:	■ In the High Courts of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) - CR-2024-006606
Appointment made by:	■ The Directors of the Company
Actions of Administrators:	■ Any act required or authorised under any enactment to be done by an administrator may be done by either or all of the Administrators acting jointly or alone.

Appendix A: Statutory Information

Please find below a summary of statutory company information for Spring Fibre Limited

Officers of the Company:	<ul style="list-style-type: none"> ■ Daniel Anderson; ■ Jason David Cogley; ■ Gareth Greppellini; ■ Sarah Louise Herriman; ■ Indraneil Mahapatra; and, ■ Stuart David Sutton.
Company Secretary:	<ul style="list-style-type: none"> ■ Not applicable
Shareholdings held by the directors and company secretary:	<ul style="list-style-type: none"> ■ Indraneil Mahapatra holds 40,353 class B preferred shares with a nominal amount of £0.01 each. ■ Stuart Sutton holds 138,705 class C preferred shares with a nominal amount of £0.01 each.
Share Capital:	<ul style="list-style-type: none"> ■ 34,676,178 class A ordinary shares with a nominal amount of £0.01 each. ■ 12,483,424 class B preferred shares with a nominal amount of £0.01 each ■ 1,314,921 class C preferred shares with a nominal amount of £0.01 each ■ 221,928 deferred shares with a nominal amount of £0.01 each
EU Regulation on Insolvency Proceedings:	<ul style="list-style-type: none"> ■ We consider that these are “COMI proceedings” since the Company’s registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.

Appendix B – Receipts and Payments

Receipts and Payments (£)	Notes	Statement of Affairs	Receipts and Payments
Fixed Charge Receipts			
Plant & Machinery	1	1,447,997.00	965,330.66
Intellectual Property	1	1.00	0.67
Bank Interest		-	5,592.10
Total Fixed Charge Receipts		1,447,998.00	970,923.43
Fixed Charge Payments			
Distribution to Secured Creditor	2	-	(800,000.00)
Total Fixed Charge Payments		-	(800,000.00)
Net Floating Charge Receipts		1,447,998.00	170,923.43
Cash at Bank	3	641,580.59	777,181.17
Information Technology	1	2,000.00	1,333.33
Computer Equipment	4	-	661.66
Business Information	1	1.00	0.67
Stock	1	50,000.00	33,333.33
Office Equipment	1	-	0.67
Contracts	1	1.00	0.67
VAT receivable	5	327,278.12	-
Bank Interest		-	13.80
Total Receipts		1,020,860.71	812,525.30
Floating Charge Payments			
Employee Related Costs	6	-	(4,081.62)
Legal Fees	7	-	(5,712.80)
Professional Fees	8	-	(400.00)
Bordereau Premium		-	(225.00)
Re-Direction of Mail		-	(627.00)
Statutory Advertising		-	(99.00)
Total Payments		-	(11,145.42)
Net Floating Charge Receipts		693,583.00	801,379.88
Net Receipts/(Payments)		2,141,581.00	972,303.31
Made up of:			
VAT Control			(198,073.66)
Fixed Charge Bank Account			370,923.43
Floating Charge Bank Account			799,453.54
Total			972,303.31

Notes

- These receipts reflect the allocation of the Transaction consideration received. Plant & Machinery and Intellectual Property were subject to fixed charge security and the remaining assets disposed of in the Transaction were subject to floating charge security. Some £1.0m of the £1.5m Transaction consideration has been received and we expect remittance of the remaining deferred consideration from the Purchaser in May 2025.
- The first distribution was made to the Secured Creditor under their fixed charge security on 27 January 2025 and reflects the majority of the fixed charge realisations made to date.
- We have recovered cash held in the Company's pre-Administration bank accounts of £776,630. Shoosmiths were also holding cash of £551 on account, which was used in payment towards their invoice for post-appointment work. The quantum of both realisations is reflected in the cash at bank figure.
- Comprises realisations from the sale of computer equipment which was not included as part of the Transaction.
- We are working to realise the Company's outstanding pre-appointment VAT receivable, but we expect realisations will be less than those included in the directors' Statement of Affairs.
- Comprises payments made in respect of payroll and employee matters.
- Legal fees incurred in relation to general post-appointment matters of the Administration including the validity of appointment review.
- Bank statement analysis costs incurred in relation to our investigations into the directors' conduct. Reporting on the directors' conduct is a statutory obligation of the Administrators.
- All amounts are shown net of VAT, which we expect to be recoverable.



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