



To All Known Creditors and Members

Spring Fibre Limited (in Administration)

Joint Administrators' Statement of Proposals and SIP 16 Statement on the Sale of the Business and Assets

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986, Rule 3.35 of the Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 16

Glossary

Commonly Used Terms	Definition
Act / IA86	Insolvency Act 1986 (as amended)
DBT	Department for Business and Trade
c.	Approximately
CDDA	Company Directors Disqualification Act 1986
CT	Corporation Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue & Customs
ICAEW	Institute of Chartered Accountants in England & Wales
IM	Information Memorandum
IR16 / the Rules	Insolvency (England and Wales) Rules 2016 (as amended)
NBO	Non-Binding Offer
NDA	Non-Disclosure Agreement
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
Sch B1	Schedule B1 IA86
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
VDR	Virtual Data Room

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
Fiera	Fiera Infrastructure, Fund manager
FTI FS	FTI Financial Services Limited
FTTP	Fibre to the premises. Service offering of the Company.
Hilco	Hilco Valuation Services
HSBC	HSBC UK Bank plc
ISP(s)	Internet service provider(s)
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.
Purchaser	Harmony Networks Limited
RMI	River and Mercantile Infrastructure LLP, fund manager
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
Wyles Hardy	Wyles Hardy & Co. Ltd

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Introduction

Purpose of this Report

- On 4 November 2024, Christopher Jon Bennett, Shamil Ishan Malde and Andrew James Johnson were appointed as joint administrators of Spring Fibre Limited – in Administration (“the Company”) and took over responsibility from the Board for the management of the affairs, business and property of the Company. The appointment was made by the Company’s directors.
- This is our Statement of Proposals for achieving the purpose of administration and our SIP 16 Statement, and includes:
 - a brief history of the Company;
 - the reasons why it is in Administration;
 - what the purpose of the Administration is;
 - how we expect to achieve that purpose;
 - information about a recent sale of the Company’s assets and the reasons for undertaking it;
 - an indication of the likely outcome for the various classes of creditors; and
 - how we envisage the Administration will be brought to an end.
- These Proposals are anticipated to be delivered to creditors on 11 November 2024.
- In this introductory section, we have also included:
 - Key messages for creditors and members;
 - An explanation of the manner in which these Proposals will be approved; and
 - Details of certain actions the creditors may need or wish to take.
- If you are unfamiliar with insolvency, a brief overview that you may wish to read before continuing to read this report is included as an Appendix; along with details of certain legal notices regarding this report, our appointment and creditors’ rights.
- If you have any queries regarding the content of this report or if you want hard copies of any of the documents made available online, please contact us using the details provided on the right.

How to Contact Us

- Creditors and members can contact us using the preferred methods below:
Email: SpringFibre@fticonsulting.com
Post: Spring Fibre Limited – in Administration
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London, EC1A 4HD
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

Signed:



Christopher Jon Bennett
Joint Administrator
Acting as agent and without personal liability

Key Messages

Immediately after the Company was placed into Administration, we executed a sale of the Company's assets to the Purchaser for consideration of £1.5m.

Pre-Pack Sale of Business and Assets

- Following our appointment as joint administrators of the Company, on 4 November 2024 ("**Transaction Date**") we completed a sale of substantially all of the Company's assets to Harmony Networks Limited ("**the Purchaser**") for £1.5m ("**the Transaction**").
- The Transaction reflects the best offer received and capable of being executed for the Company's share capital or business and assets during a multi-phase sale process which commenced in August 2024. The Transaction consequently provides the best outcome available for the Company's creditors as a whole, and a better outcome than would be achieved if the Company was wound-up.
- The Administrators are satisfied that the outcome for creditors is the best available for the Company's creditors as a whole in the circumstances.

Our Work in the Administration

- Whilst we have completed a sale of the business and assets, there remains a significant amount of work to do in the Administration. In broad terms, this is expected to include:
 - **Fulfilling our statutory duties as administrators:** including completing our initial assessment of the Company's affairs and the conduct of the Directors;
 - **Managing the Company's affairs:** in particular, in relation to Value Added Tax ("**VAT**") and Corporation Tax ("**CT**");
 - **Dealing with creditors and stakeholders:** principally responding to queries and agreeing various classes of creditor claims and distributing funds, where available;
 - **Asset Realisations:** fulfilling post-sale obligations and supporting the transfer of assets to the Purchaser and realising assets of the Company not sold to Purchaser;
 - **Controlling the appointment:** ensuring the orderly execution of the Administration, including winding down the Company's affairs generally with a view to its dissolution in due course.
- In approximately seven months' time, we will update creditors on the progress of the Administration, including the above matters.

Estimated Outcome for Creditors

- **Secured Creditor** – The Secured Creditor has both a fixed and floating charge over the Company's assets. Based on information provided from the Company, we expect there to be a small distribution return to Secured Creditors. The estimated recovery for the Secured Creditor ranges from 5-6% and an initial dividend is expected to be paid within the first three months of the Administration.
- **Preferential Creditors** – All of the Company's employees were made redundant within the first week of the Administration. The information we have reviewed so far suggests that employees will have first-ranking preferential claims against the Company in relation to arrears of wages and accrued unpaid holiday. We also expect HMRC second-ranking preferential claims for PAYE and NIC arrears. The preferential creditors are expected to be paid in full and a dividend is expected to be paid within 6-8 months.
- **Unsecured Creditors** – There are unlikely to be sufficient funds to repay the Secured Lender in full in the Administration, therefore a distribution to the unsecured creditors would only arise by virtue of Section 176A IA86, a Prescribed Part dividend. The estimated recovery for the unsecured creditors ranges from 1-3% and a dividend is expected to be paid within 7-9 months.
- The extent of the liabilities owed to the various classes of creditors has been provided in the form of a directors' Statement of Affairs in Appendix E. Please note that Appendix E and the above guidance is only an indication and should not be used as the main basis of any bad debt provision.
- We were given a Statement of Affairs for the Company on 7 November 2024, which was signed by Sarah Herriman (the Company's Chief Financial Officer). In line with the standard format for the directors' Statement of Affairs, the estimates do not include the costs of realising the Company's assets or other expenses of the Administration.

Approval of these Proposals

These Proposals will be deemed to have been approved unless the requisite value of creditors request (within eight business days) that we seek a decision of creditors regarding their approval.

Objective of the Administration

- As administrators of the Company, we are officers of the Court and must perform our duties in the interests of the Company's creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:
 - a) rescue the Company as a going concern; or
 - b) achieve 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
 - c) realise property in order to make a distribution to one or more secured or preferential creditors.
- In order to help us achieve the objective, we have a wide range of powers, as set out in insolvency legislation, and we must perform our functions as quickly and efficiently as is reasonably practicable. We must also act in the interests of the creditors of the Company as a whole, other than where objective (c) is being pursued when we need only ensure that we do not unnecessarily harm the interests of the creditors of the Company as a whole.
- In this case, we intend to pursue objective (b) as we believe that the Transaction will enable the statutory purpose of the Administration to be achieved (to deliver a better result for the Company's creditors as a whole than would be likely if the Company were to be wound-up).
- We believe that the Transaction provides the best available outcome for the Company's creditors as a whole in the circumstances.
- In these Proposals, we provide details of the work we have done to date and our anticipated future work, that together will enable the purpose of the Administration to be achieved.

Approval of these Proposals

- The financial position of the Company means that it has insufficient assets to enable a dividend to be paid to non-preferential unsecured creditors (other than by way of the Prescribed Part). As a result, under insolvency legislation (in accordance with Paragraph 52(1)(b) Sch B1) we are prohibited by insolvency legislation from seeking a decision from the creditors to consider these Proposals.
- However, if any creditor, or creditors, object to what is being proposed or have any concerns over the manner in which the Administration has been (and is proposed to be conducted), or in relation to the Transaction and our consideration of creditors' interests, please contact us using the details provided.
- A creditor, or creditors, whose debts amount to at least 10% of the total debts of the Company can require us to hold a decision procedure to enable creditors to consider whether or not to approve these Proposals and/or to consider such other decision as they see fit. Such a request must be received by us within eight business days from the date these Proposals are delivered to the creditors. If creditors do not require for us to hold a decision procedure within that time-period, then these Proposals will be deemed to have been approved.
- Creditors should note that we need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides us with such amount that we request from them to meet the expenses of the requisitioned decision procedure.
- If these Proposals are deemed to be approved, notice will be filed with the Court and the Registrar of Companies and delivered to creditors by making it available on our website for viewing and downloading.

Actions For Creditors

Creditors may need or wish to take action in respect of certain consequences of the Company entering an Administration procedure. Note that the moratorium prevents any legal action against the Company.

Amounts Owed to Creditors

- As a result of our appointment, you are a creditor of the Company in respect of the money owed to you. We cannot make any payment to creditors of the Company in respect of any debts arising prior to our appointment, unless there are sufficient assets (after the costs of the Administration) to do so.
- Whilst it is the responsibility of the directors to provide us with details of the debts owed by the Company, it would be of assistance to us if you would forward details of your claim to us.
- Creditors (other than employees) are invited to lodge their claims and supporting evidence using the Turnkey Creditor Portal, which allows creditors to manage their own details online and monitor the status of their claims. This is the most secure, efficient and cost-effective way for us to deal with creditor claims. Please contact us if you are unable to use the online portal. The web address and your unique login details to access the portal have previously been issued.
- Creditors who are employees (or former employees) will be given separate instructions on how to submit their claims to our specialist agent, Clumber.

Goods in the Company's Possession

- If you consider that you have supplied goods to the Company that are subject to reservation of title, please notify us of this fact within the next 10 days. If you do not notify us of any reservation of title claims you consider you have within the next 10 days, then we will assume that you have no such claim to the goods you have supplied to the Company.
- If you have supplied the Company with equipment, vehicles or other items that are subject to a hire or finance agreement, then you should forward to me proof of ownership and a detailed description of the items concerned.

Review of the Company's Affairs and its Directors

- As part of our statutory duties, it is our responsibility to report on the conduct of the directors of the Company and also to consider any areas requiring investigation with a view to making asset recoveries. Please provide us with any information you have about the way that the Company's business was conducted or potential asset recoveries, that you consider will assist us.

VAT Bad Debt Relief

- Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the Value Added Tax Act 1994. Relief is available when the debt is six months old and "written off" by the creditor entering it on their VAT refunds-for-bad-debts-account. Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain as to how they may claim should contact their VAT office or take professional advice.

Moratorium on Legal Processes

- Unless the administrator consents or with the permission of the court, no step may be taken to enforce security over the Company's property or repossess goods in the Company's possession under a hire-purchase agreement. Similarly, a landlord may not exercise a right of forfeiture by peaceable re-entry in relation to premises let to the Company; and no legal process may be instituted or continued against the Company or its property.



Background to the Administration

Brief History of the Company

Unless otherwise stated, this background on the Company is either based on publicly available sources or information provided by the Directors of the Company and is not from our personal knowledge as administrators.

Brief History of the Company

- The Company is a pre-revenue fibre to the premises (“FTTP”) platform incorporated in September 2019, which services coastal and market towns in Lincolnshire and Yorkshire.
- The Company’s strategy was to have a wholesale focus to enable it to maximise its take-up rate and de-risk returns by selling through multiple internet service providers (“ISPs”).
- In July 2022, following a competitive fundraising process, the Company took out a term loan in an initial facility amount of £55m, to potentially be increased in two further tranches to a total commitment of £155m (the “**Loan Agreement**”). This was provided by DICP Holdco Limited (the “**Secured Creditor**”) (at the time called RAMIIF Holdco No.2 Limited and ultimately owned by fund manager RMI. The Loan Agreement was secured by a fixed and floating charge over the assets of the Company.
- The Company began to draw on the facility to commence build in multiple locations. By July 2023, the Company had utilised c.£15m of the Loan Agreement.
- However, the Company faced challenges from rising build costs in a highly competitive market, resulting in the abandonment of certain build projects, with overbuild threats materialising at a faster pace than anticipated, procurement challenges as well as the ongoing operating cost outflow given the pre-revenue nature of the asset.
- In September 2023, the investors brought in a new CEO to re-invigorate the business, establish a new management team and undertake an operational restructuring of the Company. The new management team identified £5.1m of impairments to the build projects undertaken to date.
- In May 2024, Fiera Infrastructure took over from RMI (the fund manager responsible for overseeing the investment into the Company). Representatives from Fiera subsequently replaced the directors appointed by the former fund manager.
- The Company continued to incur losses (c.9.0m EBITDA loss in FY23 and a £2.8m EBITDA loss in the year to June 2024) and to draw down further on the Term Loan to fund the ongoing fibre roll-out.
- Neither the business nor its assets have been acquired from an insolvency practitioner within the past two years.

Management Accounts

- Below is a summary of the Company’s recent financial performance and position provided by the Board. The management accounts have not been verified for accuracy and therefore may not reflect the Company’s true trading position.

Spring Fibre Limited – Profit & Loss Extract		
£m	FY23	YTD Jun-24
Gross Profit	-	-
<i>Operating Expenditure:</i>		
Connectivity	(243)	(133)
Software & Development	(91)	(60)
General Overheads	(954)	(584)
Warehousing & Haulage	(136)	(153)
Contractors & Outsourcing	-	(470)
Profit & Loss on Disposal	(4,646)	-
Staff Costs	(2,924)	(1,394)
EBITDA	(8,993)	(2,794)
Spring Fibre Limited – Balance Sheet Summary		
£m	FY23	YTD Jun-24
Fibre Network	7,776	9,446
Other Fixed Assets	1,489	2,260
Non-Current Assets	9,265	11,706
Cash	2,131	2,747
Other Current Assets	632	532
Current Assets	2,763	3,279
Total Assets	12,028	14,985
Trade Payables	(1,264)	(578)
Other Current Liabilities	(682)	(602)
Current Liabilities	(1,946)	(1,180)
Non-Current Liabilities	(23,772)	(31,573)
Total Liabilities	(25,718)	(32,753)
Net Assets	(13,690)	(17,769)

Events Leading up to the Administration (1/2)

Spring's cumulative losses and cash burn led to the Company exploring its strategic options, including a sale. As no offers for the Company on a going concern basis were received, the Directors decided to place the Company into Administration, to transact the best offer received for substantially all of the Company's assets.

Events Leading to the Administration

- Despite ongoing investment and successfully growing its network to 12,000 ready-for-service premises, the Company has not reached the stage where it was generating revenue, cash or profits and so has been dependent on the support of its shareholders and the Secured Creditor to fund the Company.
- Whilst management's attempts to implement a turnaround plan (including headcount rationalisation and cost control measures), did reduce the "cash burn", the Company continued to require funding in the region of c.£1.5m per month. The Company was also unable to meet its cash pay interest due to the Secured Creditor on 30 June 2024 or 30 September 2024 amounting to c.£664k and c.£619k respectively. The Secured Creditor had reserved their rights in respect of the non-payment which constituted an Event of Default.
- In August 2024, the Company decided to explore its strategic options, including a sale. On 16 August 2024, FTI Financial Services Limited ("**FTI FS**") 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 period, FTI FS did not provide independent advice to the directors. The options the directors explored included raising additional capital, debt restructuring, and a sale of the business and/or assets.
- As detailed in our SIP 16 Statement – set out later - management extensively explored sale and finance options available to the Company. The M&A process resulted in the receipt of a non-binding offer ("**NBO**") from Party A on 29 August 2024, which was an offer for the share capital of the Company on a debt-free, cash free basis at a valuation below the value of the Secured Creditor's debt.
- The Company continued to engage with Party A and provided additional information. However, following review of the information provided, various management calls and interaction with the Secured Creditor, Party A withdrew from the process on 20 October 2024.
- The Secured Creditor had stated to the Board on 7 October 2024 that it was considering a potential credit bid for the business, and that it may be prepared to continue to fund the business while it considered its potential offer. However, following the withdrawal of Party A from the process, the Secured Creditor informed the Board on 21 October 2024 that it was no longer prepared to fund the business and confirmed that it was not their intention to submit a credit bid offer for the business.
- As no sources of additional funding could be identified, it was deemed that no solvent solution could be found. At a Board meeting held on the same day, the Company's Directors therefore resolved to file a Notice of Intention to place the Company into Administration ("**NOI**").
- During the week commencing 21 October 2024, the Company recommenced an accelerated sale process and contacted 16 parties (14 of which had been contacted during the initial M&A process). The parties were informed that the Directors had filed an NOI, and that the business and/or its assets were still available for sale. A bid deadline of 28 October 2024 was set, and three offers were received, including an offer for the Company's assets from Harmony Networks Limited (the "**Purchaser**").
- The initial NOI expired on 1 November 2024, and the directors filed a second NOI on 4 November 2024 to allow time to finalise the sale to the Purchaser.
- The offer received from the Purchaser represented the best return to the creditors as a whole (further information on the process and offers is contained in our SIP 16 Statement), and therefore shortly after our appointment as administrators on 4 November 2024, we completed a sale of substantially all of the assets of the Company to the Purchaser for consideration of £1.5m (the "**Transaction**").
- This was deemed the only viable course of action to pursue objective (b) for the Administration, i.e. to achieve 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).

Events Leading up to the Administration (2/2)

Spring's cumulative losses and cash burn led to the Company exploring its strategic options, including a sale. As no offers for the Company on a going concern basis were received, the Directors decided to place the Company into Administration, to transact the best offer received for substantially all of the Company's assets.

Events Leading to the Administration (continued)

- Immediately following our appointment, we made the majority of the Company's employees redundant. A small team of nine employees who were deemed critical to the Company were retained for a short period to assist with the provision of information and facilitate a transfer of assets.
- The remaining nine employees were made redundant on 8 November 2024. Their salaries for the period 1 to 8 November 2024 were pre-funded by the Secured Creditor and paid prior to our appointment.
- Details of our prior involvement with the Company are set out in the SIP 16 Statement section of these Proposals.

Moratorium

- A moratorium gives struggling businesses formal breathing space (for a limited time) in which to explore rescue and restructuring options, free from creditor action and monitored by a licensed insolvency practitioner.
- We confirm that there has been no moratorium in force (under Part A1 IA86) in respect of the Company at any time within the period of two years ending with the day on which it entered Administration.

Pre-Administration Costs

Pre-administration costs are fees charged and expenses incurred by the administrator (or another insolvency practitioner) before the Company entered Administration but with a view to it doing so.

Administrators' pre-administration time

- Pre-administration costs are those incurred with a view to a company entering administration. Any unpaid pre-administration costs at the time of an administrator's appointment can be paid as an expense of an administration, subject to obtaining consent from the relevant classes of creditors.
- In this case, there are unpaid pre-administration costs totalling £15,207, plus VAT. Whilst FTI FS's primary 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, FTI FS also worked with the Company's Directors and their legal advisers in preparing for administration.
- The Directors subsequently placed the Company into administration on 4 November 2024.
- Our time costs from 21 October 2024 in relation our pre-administration work before our appointment over the Company totalled £126,026 (plus VAT). Some £110,819 of this amount was paid by the Company shortly before our appointment, and therefore pre-administration time costs of £15,207 remain unpaid.
- We are not seeking consent to pay any unpaid pre-administration costs as an expense of the Administration at this time.
- We believe that FTI FS's 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.
- More details of these fees and expenses, including further information regarding the work undertaken, can be found in the Appendices.
- To the best of our knowledge and belief, no fees or expenses were charged by any other insolvency practitioner in preparation for the Administration.

Administrators' pre-administration expenses

- Additionally, as detailed in the Appendices, Shoosmiths LLP ("**Shoosmiths**") assisted the then prospective administrators in preparing for the Company entering administration. Shoosmiths invoiced £52,667.30 (plus VAT) in relation to their pre-administration work, which was paid in full by the Company shortly before our appointment, and so no pre-administration time costs or expenses remain unpaid.

Approval of pre-administration time costs and expenses

- As aforementioned, we are not seeking consent to pay any unpaid pre-administration costs as an expense of the Administration at this time.



SIP 16 Statement

Our Prior Involvement With the Company (1/2)

FTI previously advised the Company in respect of its options. We consider that any potential threats to the fundamental principles of the ethical code are at an acceptable level such that we could be appointed.

Joint Administrator's Role Prior to Appointment

- Prior to an appointment, an administrator may act as an advisor to a company, its secured creditor or other stakeholders. Services can include supporting a company's efforts to find a buyer for its business and assets, but do not include advising the directors, who typically receive independent legal advice on their personal responsibilities. Similarly, advice would not be given to any potential purchaser.
- In all cases and prior to accepting any appointment, administrators must review any significant relationships with the company and its stakeholders to assess whether they can meet the ethical standards expected of them.
- In a pre-pack situation, an administrator completes a sale immediately (or shortly after) the appointment, potentially having earlier acted in an advisory capacity in relation to the transaction. In considering whether to complete the transaction, administrators must bear in mind their duties to a company's creditors as a whole.

Source of Our Initial Introduction

- Matthew Callaghan (a partner of FTI) was first introduced to management and the Board of the Company (the "**Board**") on 12 June 2023 by RMI Infrastructure ("**RMI**"), which was at the time the ultimate owner and fund manager of DICP Holdco Limited (then called RAMIIF Holdco No.2 Limited), the Company's Secured Creditor and Sponsor.
- On this date, Matthew Callaghan and Christopher Bennett first had a call with management and the Board, with a view to potentially being engaged to assist with the financial affairs of the Company.

Extent of our Prior Involvement

- Prior to the commencement of the Administration, Christopher Bennett, Matthew Callaghan and Shamil Malde advised the Board as a whole, acting on behalf of the Company, regarding the Company's financial difficulties and provided advice on the options available to the Company to help determine an appropriate course of action to take.

- Specifically, FTI's involvement with the Company before our appointment as joint administrators was as set out below.
- **Engagement 1 (15 June 2023):** FTI was engaged by the Company and the Secured Creditor to:
 - (A) Support the Company's short-term liquidity forecasting;
 - (B) Review the Company's business plan; and
 - (C) Provide liquidity monitoring and Board support, including supporting the Directors with stakeholder management.
- Following this engagement, the Company drew further amounts under its Loan Agreement with the Secured Creditor (then under the control of RMI) to meet its ongoing obligations.
- In May 2024, Fiera took over from RMI as fund manager/ultimate owner of the Secured Creditor.
- **Engagement 2 (8 August 2024):** FTI FS was engaged by the Company to:
 - (A) Provide M&A Services, including assisting management in finding prospective buyers, preparing marketing materials, responding to due diligence requests from prospective purchasers; and advising on execution of any offers received.
 - (B) Provide ancillary services, including cash-flow review, board support, ad-hoc advice and assistance, and contingency planning.
- Our work included provision of advice around the availability, if applicable, of potential insolvency processes to the Company. As part of the M&A process, we were responsible for considering and commenting on any offers for the business, the sale agreement, and any post-sale matters or obligations.
- Prior to the engagements set out above, FTI and the Joint Administrators had no prior relationship with the Company or its directors.
- No advice was given by FTI or its employees to the individual directors regarding the impact of any insolvency of the Company on their personal financial affairs.

Our Prior Involvement With the Company (2/2)

FTI previously advised the Company in respect of its options. We consider that any potential threats to the fundamental principles of the ethical code are at an acceptable level such that we could be appointed.

Extent of our Prior Involvement (cont.)

- We have previously verbally informed the Company's Directors of our duties and role in any pre-Administration period, which was confirmed via correspondence sent on 5 September 2024.
- At all times, including prior to our appointment, we are bound by (and have acted in accordance with) the Insolvency Code of Ethics, which can be found at www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics

Ethical Fundamental Principles

- We identified self-review and advocacy as potential threats to the ethical fundamental principles in respect of this case. These are explained further below.

Advocacy Threat

- There is a risk that our prior role in the M&A process may be seen as us promoting the Company and may compromise the perception of our objectivity in relation to the Company.
- However, this threat is mitigated by the fact that all materials and information circulated in relation to the M&A process were the responsibility of the directors of the Company, and all decisions in relation to the M&A process were taken by the directors.
- In conclusion, we consider that this threat is at an acceptable level such that we could be appointed as joint administrators.

Self-Review Threat

- As administrators have an obligation to examine the events leading up to insolvency, FTI's and our pre-appointment involvement with the Company prior to our appointment creates a potential self-review threat to our objectivity.
- It is not unusual for insolvency practitioners who have (or their firm has) previously been advising a company or its stakeholders to be appointed as office-holders, where a potential threat to any fundamental principle can be managed or mitigated to an acceptable level.
- In this case, the threat is mitigated by the fact the accounting records of the Company were controlled and managed by the directors, who received their own independent legal advice. Further, all key decisions, including in relation to the M&A process, were taken independently by the Company's directors and the Secured Creditor.
- Furthermore, the threat is mitigated by the fact that FTI advised the Company pre-appointment with a view to maximising the value realised, which is aligned with the duties of an administrator to maximise returns for creditors.
- In conclusion, we consider that this threat is at an acceptable level such that we could be appointed as joint administrators.

Statement of Insolvency Practice 16 (1/2)

We must provide creditors with sufficient information regarding the pre-pack sale, including the reasons why we believe the outcome achieved was the best available outcome for creditors as a whole in all the circumstances.

Statements of Insolvency Practice

- The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of insolvency practitioners to particular aspects of insolvency practice. SIPs set principles and key compliance standards with which insolvency practitioners are required to comply. They apply in parallel to the prevailing statutory framework.
- SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities, acting through the Joint Insolvency Committee.

Statements of Insolvency Practice 16

- SIP 16 applies to all pre-packaged sales in administrations, irrespective of who the purchaser may be.
- The term 'pre-packaged sale' refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on (or shortly after) appointment.
- The administrator should provide creditors with sufficient information ("the SIP 16 Statement") such that a reasonable and informed third party would conclude that the pre-packaged sale was appropriate and that the administrator has acted with due regard for the creditors' interests.
- A copy of SIP 16 can be found online at:
<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-16---england-and-wales-300421.ashx>
- We have made this statement in order to comply with our responsibilities under SIP 16.

Purpose of the Administration

- As joint administrators, we are officers of the Court and are responsible for managing the business, property and affairs of the Company. The purpose of the Administration must be to achieve one of the hierarchy of statutory objectives, namely to:-
 - a) rescue the Company as a going concern; or
 - b) achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration); or
 - c) realise property in order to make a distribution to one or more secured or preferential creditors.
- In this case and as stated earlier, we are pursuing objective (b) because it was not reasonably practicable to rescue the Company as a going concern.
- In order to help us achieve the objective, we have a wide range of powers, as set out in the insolvency legislation, and we must perform our functions as quickly and efficiently as is reasonably practicable. We must also act in the interests of the creditors of the Company as a whole.
- We believe the Transaction will enable the statutory purpose to be achieved and that the outcome is the best available for creditors as a whole in all the circumstances.

Statement of Insolvency Practice 16 (2/2)

We must provide creditors with sufficient information regarding the pre-pack sale, including the reasons why we believe the outcome achieved was the best available outcome for creditors as a whole in all the circumstances.

Purpose of the Administration (continued)

- We have acted with due regard for the interests of creditors and summarise below the principal benefits and reasons for undertaking the pre-packaged sale:
 - The Company has undertaken a comprehensive sale process which has thoroughly tested the market value of the Company and its assets.
 - The Transaction was the best offer received for the Company's assets. As such we are confident that any alternative to the Transaction would have provided worse outcomes for the creditors of the Company.
 - The Company is wholly dependent on the Secured Creditor for funding, and without the Secured Creditor's support, which was withdrawn on 21 October 2024, there was no possibility of the business continuing to trade. As the stakeholder in whose debt the realisable value of the Company's assets breaks, the Secured Creditor stated its support for the Transaction.

The Transaction and Creditor Outcome

The Transaction includes the purchase of substantially all of the Company's assets, including network infrastructure, stock and equipment, for total consideration of £1.5m.

Purchaser Offer

- The Company is loss-making and has required continued support from the Secured Creditor to continue to operate. Given the financial challenges, the directors commenced an M&A process in August 2024 to explore the options available to the Company.
- As a result of this sales process, further details of which are included later, the Purchaser made an offer for certain assets of the Company for total consideration of £1.5m. This was the best offer received for the business and/or assets and offers the best return to the creditors of the Company as a whole.

Pre-pack Sale of Assets

- On 4 November 2024, the directors of the Company appointed us as joint administrators, and we immediately agreed to sell substantially all of the Company's assets to the Purchaser via a pre-pack transaction.
- The sale consideration was £1.5m, of which £1m was received immediately upon completion, and £0.5m is deferred until 2 May 2025.
- SCD Group Limited, an entity under the same person of significant control as the Purchaser, has provided the Company and the Joint Administrators with a guarantee in respect of this deferred consideration as well as other purchaser provisions in the sale and purchase agreement.
- We do not consider that there was any deliverable alternative sale of the Company's business and assets, and further details about the rationale for the Transaction are also set out later.

Connected Persons Transaction

- The Purchaser is under the same ownership as a key supplier to the Company, although they are not part of the same group. The Purchaser is not a connected party to the Company as defined by SIP 16. All required information on the sale has been included elsewhere in this SIP 16 statement.
- As such, the sale is not considered to be a substantial disposal to a connected party (as defined by SIP 16 and Paragraph 60A(3) Sch B1 IA86).

Estimated Outcome for Creditors

- We estimate that the Secured Creditor will receive a substantial shortfall in relation to the amount owed to them by the Company.
- We estimate that the preferential creditors will be repaid in full.
- We do not anticipate there will be any return to unsecured creditors in excess of the Prescribed Part.
- An indicative estimate of dividends to unsecured creditors of the Company are set out below. Creditor claims have not yet been adjudicated and therefore the amount owed could increase.
- Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision.

Creditor Class	Amount Owed (£m)	Estimated Recovery	Indicative Timing of Payment
Secured Creditors	33.5	4.6-5.5%	04/02/2025
Preferential Creditors	0.2	100%	04/07/2025
Unsecured Creditors	3.7	1.4-3.3%	04/08/2025

Alternative Options Considered (1/2)

Before concluding that the Transaction represented the best outcome for creditors in the circumstances, we considered a number of alternative options.

- A number of alternative options to the Transaction were considered and ultimately the Transaction was concluded to be in the best interests of the Company's creditors as a whole for the reasons set out below.

Do Nothing / Uncontrolled Liquidation

- The Company is pre-revenue and had established an operational cost base to allow it to commence its fibre roll-out plan. It is therefore consistently loss-making, with regular funding required from the Secured Creditor to maintain liquidity.
- The Secured Creditor allowed the Company to draw down amounts totalling £1.5m to fund the business and continuation of the M&A process between 18 August 2024 and 18 September 2024, together with reserving their rights in respect of non-payment of amounts due under the Loan Agreement. The Secured Creditor also provided funding of £370k specifically to pay October payroll and associated payroll taxes on 21 October 2024, on a deeply subordinated basis, to allow time for the Transaction to be agreed. Any funds not used for this specific purpose are to be returned to the Secured Creditor, we have calculated this to be £4.6k.
- However, on 21 October 2024, the Secured Creditor informed the Board that it would not be able to continue to support the Company.
- The Company's short-term cash flow forecast highlighted, that absent further support from the Secured Creditor, the Company would have fully exhausted their cash balances by 27 October 2024, and it would no longer be able to make payments as they fell due.
- Therefore, it would not be possible to continue to trade the Company solvently beyond this date without the Secured Creditor providing further financial support.
- The Secured Creditor subsequently provided funding to allow October payroll to be paid, however this was to be used only for staff wages and associated payments, to allow sufficient time for a transaction to be completed.
- As at the date of our appointment, the Company owed trade creditors c. £3.5m and HMRC c. £127k. Had no action been taken by the Company, it is likely that one or more creditors would have taken action to protect their own interests, and this would likely have led to an uncontrolled insolvency that would have been value-destructive for stakeholders.

- An IP unfamiliar with the business may have become liquidator, leading to realising liquidation asset values and consequently a worse outcome for creditors.

Solvent Sale or Additional Funding

- The Company extensively explored the possibility of a solvent sale or additional debt funding during the M&A process. Whilst one NBO for the share capital of the Company was received, this was subsequently withdrawn, and no further offers for the Company's shares were received. The offer for the share capital was on a debt-free, cash-free basis at a valuation significantly below the value of the Secured Creditor debt.
- The options available to a company are often determined by the level of its cash resources, the timing of any additional cash requirements and the potential sources (if any) of that funding.
- In this case, it was unlikely that any third party would provide debt funding without super senior security, which the Secured Creditor would not grant given it would dilute their position without any assurance of return. Therefore, the only source of debt funding would be additional funds from the Secured Creditor.

Solvent Restructuring (including use of formal restructuring tools/ Companies Act Procedures)

- A solvent restructuring, either by way of consensual negotiations or through the use of a formal restructuring (e.g. a Company Voluntary Arrangement, Restructuring Plan, Scheme of Arrangement or a Moratorium) was not considered viable given the Company's significant funding requirement and the reluctance of the Secured Creditor to provide funding and concessions to complete a solvent restructuring.
- Additionally, whilst formal restructuring tools could provide temporary relief from trade creditor pressure, they would not provide sufficient savings to address the fundamental position that the Company's operations are loss making, and the continuous funding that is required to continue to operate as a going concern.

Alternative Options Considered (2/2)

Before concluding that the Transaction represented the best outcome for creditors in the circumstances, we considered a number of alternative options.

Trade in Administration and Post-Insolvency Marketing Process

- The Company could have been placed into administration whilst administrators continued to trade for the duration of a post-appointment sale process.
- As the Company's business is loss-making, this would have required significant post-administration funding. The Secured Creditor provided support for the pre-administration sale process, enabling the directors to continue trading with a view of completing a transaction.
- However, the Secured Creditor declined to provide further support, other than the funding provided specifically to pay October payroll, once it became clear that no solvent options were available and therefore there would not have been sufficient funding to run another sale process during an administration.
- Trading the Company in administration without a transaction in place was likely to have led to significant value deterioration in the business, through creditor ransom demands and loss of staff. This would have been value-destructive and would likely have led to a lower value being achieved than is provided by the Purchaser's offer.
- The market for the sale of the Company as a whole was thoroughly explored, including on an asset basis. We do not believe a post-appointment sale and marketing process would generate any additional viable interest in the majority of the Company's business and assets.
- Given the turbulent macroeconomic environment and sector dynamics in which the Company operates, the value of the Company's assets was uncertain, thus the prospect of the administrators justifying or securing funding to support a trading period whilst alternative strategies were explored was highly unlikely.
- For the reasons set out above, we therefore consider it was not appropriate to trade the business in administration and pursue an alternative sale or asset realisation strategy.

Creditors' Voluntary Liquidation

- Following withdrawal of funding from the Secured Creditor, the Company could have entered into creditors' voluntary liquidation. However, this would have resulted in a delay to the appointment of liquidators (and uncertainty over the identity of the liquidators) and therefore a delay in completing the Transaction, as it would have required a decision-making procedure of unsecured creditors.

Consultation with Major or Representative Creditors

- **Company Shareholders:** The Company and its management have kept the Company's majority shareholder (who is also the Secured Creditor) informed of progress throughout the sale process and events leading up to the Administration. Certain minority shareholders were also invited to participate in the Phase I M&A process and declined to submit an offer.
- **Secured Creditor:** The Company and its management have kept the Secured Creditor briefed throughout the sale process and events leading up to the Administration. The Secured Creditor was supportive of the Transaction.
- **Pension Scheme:** The Company operates a defined contribution pension scheme only, with minimal financial exposure to the Company's financial position. The pension scheme was therefore not considered a key stakeholder or consulted with during the marketing process.
- **Unsecured Creditors:** A party with the same controlling shareholder as the Purchaser was the largest unsecured creditor of the Company and was approached as a potential interested party, given their knowledge of the business and sector. No request to support the Company in continued trading was made to the general body of unsecured creditors, since there was no prospect of the Company continuing as a going concern without the Secured Creditor's support.

Marketing of the Business and Assets (1/3)

The Company has explored its sale, investment and refinance options as widely as possible in the time available.

Marketing Activities Undertaken

- To our knowledge there were not any marketing activities conducted by the Company or agents employed by the Company prior to our involvement. FTI were engaged by the Company in August 2024 to assist with the marketing of the business, with the objective of completing a sale of the business.
- FTI worked with the Company's management to prepare a list of potential purchasers and marketing materials, which included an information memorandum ("IM"). The IM was designed to provide interested parties with sufficient information to formulate an informed indicative offer for the Company.
- FTI and the Company's management identified the initial parties based on their expertise in the sector and ran the various phases of the process for over approximately 11 weeks.

Phase I

- The Company began their initial outreach on 16 August 2024, contacting and sending non-disclosure agreements ("NDA") to 46 parties regarding the opportunity (27 strategic and 19 financial). The Secured Creditor was also approached to discuss a potential credit bid. One further strategic party was contacted on LinkedIn, but did not respond. It is our view that the business was marketed as widely as possible, given (1) the limited market of buyers (due to widespread challenges in the sector) and (2) the constricted timeline of the sale (the Company was reliant on funding from the Secured Creditor to trade, as it was not yet revenue generating).
- 12 of these parties declined to participate in the process, principally due to a lack of appetite for the sector in which the Company operates and the early stage of build. The 34 remaining parties signed NDAs and were subsequently sent the IM and a process letter for the Transaction.
- All of the parties which continued to remain engaged in the process post receipt of the IM and process letter were invited to hold a call with management and FTI to discuss the opportunity and additional information was sent to them.
- Six of these 34 parties submitted detailed follow-up questions to management regarding the status of the build to date, extent of overlap between the Company's network and the existing network of strategic competitors, and other commercial diligence questions.

- Potential bidders were initially invited to submit a NBO by 28 August 2024. One NBO submitted on 29 August 2024 by Party A, contemplated a sale of the shares in the Company for consideration of £5m (on a cash-free, debt-free basis). This offer was dependant on further due diligence and access to information on the business.
- The remaining parties either confirmed that they were no longer interested in the opportunity via e-mail or telephone, or it was deemed so by a lack of communication from them after the initial phase one bid deadline (28 August 2024). Principally, the reason given for withdrawing from the process at this stage was the early stage of build the business was in, the level of overbuild from competitors, and the cash requirement the business would need to achieve a network for sufficient scale.

Phase II

- Following receipt of the NBO, FTI issued a Phase II process letter to Party A on 4 September 2024, inviting Party A to submit a best and final offer for the business ("Final Offer") by 13 September 2024.
- FTI gave Party A and their legal advisors access to an extensive virtual data room ("VDR") and acted as an information intermediary between the prospective purchaser and the Company. The VDR was regularly updated with information requests by the prospective purchaser. Furthermore, there were various meetings held between Party A's management, the Company's management and FTI.
- Party A also engaged with the Secured Creditor directly, but did not submit a bid to the Company on 13 September 2024 whilst they progressed their discussions with the Secured Creditor. The Company was notified 16 October 2024 that these discussions included a potential debt-sale transaction.
- During this time, FTI and the Company also continued to discuss the potential for a credit bid with the Secured Creditor, with the Secured Creditor notifying the board on 7 October 2024 that they were considering a credit bid for the business and assets of the Company. The Company also sent various utilisation requests to the Secured Creditor for funding to the end of the year, which the Secured Creditor was considering.

Marketing of the Business and Assets (2/3)

The Purchaser's offer provided the best outcome to the creditors as a whole and was supported by the Secured Creditor.

Marketing Activities Undertaken (continued)

- On 20 October 2024, once Party A had completed their review of the available information, they withdrew from the process. Following this, the Secured Creditor confirmed it would not continue to support the Company.
- Given no other offers had been received, and the Company had insufficient funds to continue trading beyond the end of the month, the Directors resolved to file a Notice of Intention to appoint administrators ("NOI") on 21 October 2024.

Phase III

- In an effort to preserve value, during the week commencing 21 October 2024, the Company launched a highly accelerated final phase of the sales process and reached out to 16 parties (14 of which had been contacted during Phase I of the AMA and have engaged actively on the opportunity). The two other parties were known to the management team and asked to be included, one of which included the Purchaser.
- These parties were informed that the Directors had filed a NOI to appoint administrators, but the business and its assets are still available for sale.
- All of the parties contacted in this phase were invited to hold a call with management and FTI to discuss the opportunity and a bid deadline was set at 28 October 2024. Ahead of the bid deadline, nine parties requested to gain access to the data room, and additional information was sent to these interested parties per their requests.
- Whilst Party A had withdrawn from the process ahead of the launch of Phase III, they reached out to FTI again on 28 October 2024 to discuss a potential offer, however they declined to submit an offer.
- Of the 16 parties contacted during Phase III, a total of three offers were received, details of which are detailed below in this report.

Final Offers Received

Party B

- Party B submitted an offer to acquire specific assets of the Company for consideration of £1,000,000. The proposed terms and conditions of this offer are summarised below:
 - **Transaction Structure:** Asset purchase comprising the access network assets, any self-built core and backhaul network to support the premises passed numbers quoted, and the access network WIP.
 - **Consideration:** an asset-only purchase for consideration of £1,000,000.
- Party B's offer excluded the Company's stock, as they considered it was worth less than the costs to remove it from its existing locations. This would have meant the Company in administration incurring significant costs to remove and dispose of the stock.
- After completing further due diligence, Party B withdrew from the process on 1 November 2024 as the transaction did not fit their strategic requirements.

Party C

- Party C submitted an offer to acquire specific assets of the Company for upfront consideration of £0. The proposed terms and conditions of this offer are summarised below:
 - **Transaction Structure:** Asset purchase to include network assets only.
 - **Consideration:** £0 upfront, with the Secured Creditor to receive a % stake in Party C.
- This offer was significantly worse than the two other offers received and so was not taken forward following consultation with the Secured Creditor. It would have resulted in a worse outcome for the creditors as a whole for the following reasons:
 - No upfront consideration and uncertainty as to the future return for the Secured Creditor, due to the dependency on the performance of Party C's business.
 - The offer included only certain network assets, and Company in administration would have incurred significant costs in transporting and disposing of the stock.

Marketing of the Business and Assets (3/3)

The Purchaser's offer provided the best outcome to the creditors as a whole and was supported by the Secured Creditor.

Final Offers Received (continued)

Harmony Networks Limited ("the Purchaser")

- The Purchaser submitted an offer to acquire the majority of the assets of the Company for consideration of £1,500,000 via an administration process. The proposed terms and conditions are summarised below.
 - **Transaction Structure:** Asset purchase comprising intellectual property rights; plant and machinery; work in progress ("WIP"); business information; IT; stock; office equipment; and certain contracts.
 - **Purchaser:** Harmony Networks Limited.
 - **Consideration:** an asset-only purchase for consideration of £1,500,000.
 - £1,000,000 payable on completion;
 - £500,000 deferred consideration payable in six months.
 - **Funding:** the Purchaser had adequate financing in place to fund the purchase from existing cash resources.
- It was considered that this offered the best outcome to the creditors of the Company as a whole, as it included substantially all of the Company's assets, and had the highest consideration value. It was also guaranteed by SCD Group Limited, a party under common ownership with the Purchaser.

Variation from SIP16 Marketing Essentials

- As far as we are aware, the business has never been marketed online.
 - Practically given the size, funding requirement, and specialised nature of the Company, the potential buyer universe (of strategic and financial parties) was relatively small. Given the specialist nature of the asset, FTI assisted the Company's management to identify the relevant buyer universe and reached out to them in their initial outreach.
 - Marketing the Company online would broadcast the Company's distress, which would risk damaging the business and ultimately could be severely value destructive.
 - In Phase I, the Company was marketed to 19 financial parties, many of whom have portfolio companies and / or advise businesses in the Altnet sector. Each of these parties had an opportunity to share the NDA agreement with such portfolio / connected companies, thus further enhancing outreach.
 - Following the first NOI being filed on 21 October 2024, there were several press reports in national newspapers, including the Daily Telegraph (print and online), and in major online trade publications (ISP Review, Telco Titans, Comms Business, and Telecompaper). No inbound interest was received despite the extensive coverage.
- Therefore, we do not believe marketing online would have improved creditor outcomes and are satisfied that the Company's business and assets have been adequately marketed.

Valuation of the Assets

The value of the Company's assets was determined by the marketing process and by additional asset valuations in relation to the stock.

Valuation of Stock

- John Boxall, a RICS registered valuer of Hilco Valuation Services ("Hilco") was instructed by the Directors in August 2024 to produce a formal inventory valuation for financial decision-making purposes. He confirmed that the report produced by Hilco is SIP16-compliant and that they are independent with appropriate professional indemnity insurance in place.
- The purpose of the appraisal was to provide a disinterested statement of the value of the subject inventory based on current market conditions (at 16 August 2024) and was completed on the basis of market value in-situ and market value ex-situ.
- The in-situ valuation assumes that assets are sold as a whole for use in their working place. The ex-situ valuation assumes the assets are sold as individual items for removal. The table below sets out the valuations obtained on these bases. We also show how the sale consideration has been allocated.
- It is important to note that these valuations do not include costs which would be incurred by a potential purchaser in removing the stock from the location in which they were stored. Management estimated the costs of transportation to be in the region of £60k-£70k. In addition, at the date of our appointment, the sites where the Company stored the stock had built up rent arrears of c.£37k which would likely have needed to be paid in order to gain access to the stock. Taken together, these removal costs and arrears could have resulted in a c. £97k-£107k negative impact on the stock valuation.
- Therefore, we believe that the value attributed to stock in the pre-pack transaction is reasonable. Hilco confirmed that in their view, consideration of £50k for the stock was prudent, and advised that this should be accepted.

Valuation of Other Assets

- We received an estimated value for the Company laptops from Wyles Hardy & Co. Ltd ("Wyles Hardy"). Wyles Hardy confirmed they have the knowledge and skills to undertake a competent and independent valuation. They confirmed they hold appropriate professional indemnity insurance and are regulated by RICS.
- Wyles Hardy estimated a value of c. £3,000 for the 32 Company laptops, with costs of c. £1,000 to collect, securely erase all data and send to the Purchaser. We have therefore allocated value of £2,000 for the IT.
- We did not obtain valuations for the remaining assets. The Company's main assets relate to the network infrastructure and WIP. We believe a valuation of these assets would be unreliable given it is unique to the Company and not directly equivalent to other networks and therefore should be determined by a 3rd party purchase price.
- In addition, we considered the business and assets had been marketed extensively during the sale process, and that this provides a more objective value, reflecting real market conditions, than a desktop valuation could.

Asset Category	Ex-Situ ¹	In-Situ	Pre-Pack Sale
Floating Charge			
Stock	£114k	£387k	£50k

¹ The ex-situ valuation did not include costs which would be incurred by a potential purchaser in removing the stock from the location in which they were stored.

Details of the Transaction (1/2)

The total consideration for the Company's assets is £1.5m and the allocation of the consideration by asset class is set out below.

- The assets acquired in the Transaction are set out in the table to the right.
- Total consideration for these assets is £1.5m. £1m was received on completion of the Transaction and is being held in the Administrators' solicitors' client account. Deferred consideration of £0.5m will be received on 2 May 2025. Receipt of the deferred consideration is unconditional and is guaranteed by SCD Group Limited.
- The majority of consideration has been allocated to plant & machinery and WIP, which includes all fibre network and infrastructure built and partly completed, and all network design. This is the largest asset on the Company's balance sheet and the most valuable asset to the Purchaser. We have therefore allocated the majority of the consideration to these assets.
- The rationale for the allocation of value across the remaining asset classes is set out below:
 - **Information technology ("IT"):** includes all computer hardware and software, including laptops but excluding hardware located at head office. We have allocated value of £2,000 for the IT, with our reasons for this set out earlier.
 - **Contracts:** the Purchaser has not specifically stated at this date which contracts they wish to novate; however, we consider these would be low value as the Purchaser could set up new accounts with the relevant suppliers at the prevailing market rate for the off-the-shelf services provided. In addition, many of the contracts have significant arrears which would reduce their value to the Purchaser.
 - **Business information:** this was of low value to the Purchaser as they already had a large amount of knowledge and information relating to the network and build from the diligence and supplier relationship.
 - **IP:** includes the brand and trademarks. No parties showed an interest in the IP during the sale process, and it has no carrying value on the balance sheet. We therefore consider it to be of low value. The Company has no customers or customer book.
 - **Office equipment:** the Company has minimal office equipment, with the majority of equipment at the head office being owned by the landlord.
 - **Stock:** our rationale for the allocation of consideration to stock was set out earlier.

Indicative Allocation of Consideration	£	Security
Information technology	2,000	Floating
Contracts	1	Floating
Business information	1	Floating
Intellectual property	1	Fixed
Plant & machinery and WIP	1,447,996	Fixed
Office equipment	1	Floating
Stock	50,000	Floating
Total Consideration	1,500,000	

- Shoosmiths were engaged by the Company to undertake a review of the security over the assets of the Company, and to advise on the nature of the Secured Creditor's charge over each asset class.

Details of the Transaction (2/2)

Below we set out the key details of the Transaction.

Disclosure Requirement	Details
■ The date of the transaction(s)	■ 4 November 2024
■ The identity of the Purchaser(s)	■ The business and assets were acquired by Harmony Networks Limited, which is registered at Suite 4, Crossgates House, 67 Crossgates Shopping Centre, Station Road, Leeds, LS15 8EU and its company registration number is 04851788.
■ The consideration for the transaction(s), terms of payment and any condition of the contract that could materially affect the consideration	■ Total consideration of £1.5m. £1.0m paid in cash upon completion of the Transaction; the remaining £0.5m to be paid on 2 May 2025. There are no conditions relating to the deferred consideration.
■ Details of the assets involved and the nature of the transaction(s)	■ The Transaction includes the purchase of the Company's business information, intellectual property, certain contracts, IT, office equipment, plant and machinery, stock and work in progress. ■ Further detail of the Transaction and consideration received was set out earlier.
■ Whether any directors had given guarantees for amounts due from the Company to a prior financier and whether that financier is financing the new business	■ None known
■ Any options, buy-back agreements, deferred consideration or other conditions attached to the transaction(s)	■ Deferred consideration is payable on 2 May 2025. There are no conditions attaching to this deferred consideration.
■ Details of any security taken by the administrator in respect of any deferred consideration. Where no such security has been taken, the administrator's reasons for this and the basis for the decision that none was required	■ The deferred consideration is guaranteed by SCD Group Limited, which is an entity under common control with the Purchaser. Per the latest accounts filed at Companies House, SCD Group Limited had cash of £4.6m at 30 September 2023 and up-to-date bank statements and management accounts were provided to substantiate the position has not materially changed.
■ If the sale is part of a wider transaction, a description of the other aspects of the transaction	■ N/A
■ Details of registered charges	■ A debenture (charge code 1222 5396 0001) in favour of DICP Holdco Limited, dated 19 July 2022. ■ An account charge (charge code 1222 5396 0002) over cash deposits in favour of HSBC UK Bank plc, dated 5 January 2024.



Our Strategy to Achieve the Purpose of the Administration

Strategy and Our Work in the Administration

The Transaction has resulted in the sale of materially all of the Company's assets to the Purchaser, which has resulted in the best available outcome for creditors.

Strategy

- Earlier in these Proposals, and in our SIP 16 Statement, we have explained why the Company has entered administration, and that the purpose of the Administration is to achieve a better outcome for the Company's creditors (through a pre-packaged sale) than would be otherwise achieved.
- We are satisfied that the outcome for creditors is the best available for the Company's creditors as a whole in the circumstances. The Transaction involves the sale of materially all of the assets of the Company.
- We will also endeavour to realise the Company's assets not included in the Transaction in the course of the Administration. This includes VAT receivables, deposits held by suppliers /landlords and an amount of £140k which is held in relation to a performance bond.
- The Company's affairs have been since our appointment, and will continue to be, managed by us as joint administrators. We will be supported by internal specialists (for example on tax and VAT matters), third-party professionals, and subcontractors as required. Further details of third parties and their expenses will be provided in our Remuneration Report at a later date.
- The Administration of the Company will be funded by Transaction cash consideration, funds held in the Company's bank accounts at the time of our appointment and (in due course), by further asset realisations.

Key Initial Actions

- The following is a summary of the key actions taken (or to be taken) shortly after our appointment. It is not an exhaustive list of the work we will perform.
- **Statutory and compliance:** our team has to date and will continue to issue all notices required by insolvency legislation, ensure appropriate insurance cover is in place, give notice of our appointment to all known creditors, and fulfil our other obligations as joint administrators.
- **The Transaction:** we will look to comply with the terms of the Transaction SPA and ensure that the Purchaser complies with their contractual obligations to the Company.
- **Managing the Company's affairs:** we have requested new bank accounts to be set up for the purposes of the Administration.
- **Tax and VAT:** we will submit any outstanding VAT returns and comply with our obligations regarding VAT and tax matters.
- **Creditor and stakeholder management:** we have corresponded with the Company's creditors regarding their claims and set up a case portal through which creditors can submit their claims and manage their details.

Receipts & Payments Account

- A receipts and payments account has not been included since at the time of writing we are in the process of opening a post-appointment bank account.
- The initial transaction consideration of £1m is being held by the Administrators' solicitors in a client account.

Our Work in the Administration

Following completion of the Transaction, there are a number of key areas of work still to be undertaken or concluded before the Administration can be brought to an end.

Area	Controlling our Appointment	Realising the Assets	Dealing with Creditors and Stakeholders	Managing the Company's Affairs	Fulfilling our Statutory Duties
Work Performed to Date	<ul style="list-style-type: none"> Agree and document our Administration strategy. Set up the systems required to control the administration. 	<ul style="list-style-type: none"> Agreed and signed the SPA for the Transaction, setting out how the majority of the Company's assets were realised. 	<ul style="list-style-type: none"> Set up the creditors' website and helpline for the Administration. 	<ul style="list-style-type: none"> Set up Administration bank accounts. 	<ul style="list-style-type: none"> Issued initial letters and notices of our appointment as joint administrators. Issued our Proposals and SIP 16 Statement. Ensured appropriate insurance cover is in place.
Anticipated Future Work	<ul style="list-style-type: none"> Continue to monitor costs against the Administration budget. Perform regular reviews of the case to ensure it is progressing on a timely basis. Once the Company's assets have been realised, and our work is complete, close the Administration. 	<ul style="list-style-type: none"> Seek to realise the assets excluded from the Transaction, in particular outstanding VAT receivables, cash from the pre-appointment bank accounts, and return of funds being held in relation to a performance bond. 	<ul style="list-style-type: none"> Respond to any inbound creditor queries. Liaise and report to the Secured Creditor. Agree claims and make distributions where available. 	<ul style="list-style-type: none"> Collection of the Company's books and records. Apply for VAT deregistration. Complete regular and bank reconciliations. Ensure compliance with all post-administration tax and VAT obligations. 	<ul style="list-style-type: none"> Ensure appropriate bonding cover is in place. Complete SIP 2 investigations and comply with our CDDA obligations. Issue progress reports to creditors on the course of the Administration.



Estimated Outcomes for Creditors

Estimated Outcomes

We expect the Secured Creditor to receive a total return of c.5-6% 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. We are seeking to understand whether the bond has been called on or whether the funds can be returned to the Company. We understand there are no further amounts due to HSBC.
- 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 claims from HMRC are estimated to be c. £127k, which relates to unpaid PAYE.
- 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 the 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 expect such an application will be necessary.
- We think the Company's net property will be £242k - £603k which means the estimated value of the Prescribed Part is £51k - £124k. This would give a dividend of about 1.4% - 3.3% 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.



The Administration Process

Matters Relating to the Administration Process

Insolvency legislation sets a 12-month maximum duration for administration, unless the duration is extended. We expect the Company to be placed into liquidation or dissolved when the Administration comes to an end.

Extension to the Period of Administration

- Insolvency legislation sets a 12-month maximum duration for administrations, unless the duration is extended by the Court or the creditors.
- If we are unable to complete the Administration of the Company within 12 months, then we will either apply to the Court, or seek a decision from the creditors to extend the duration of the Administration.
- At the present time, we do not anticipate an extension being required, but this will depend on certain factors beyond our control.

Ending the Administration

- The manner in which an Administration ends usually depends on the outcome of the Administration. In this case and because we do not expect a dividend to be available for unsecured creditors (other than from the Prescribed Part), the mostly likely exit route is one of the following:
 - a) The Administration will end by filing a notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.
 - b) If there are matters remaining that require the attention of a liquidator, the Administration may end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company. We may propose that Christopher Jon Bennett, Shamil Ishan Malde and Andrew James Johnson (and/or any subsequent or replacement administrator holding office at that time) be appointed joint liquidators of the Company by the Court.
- We will take steps to bring the Administration to an end at the appropriate time (and when all necessary work has been completed) and by using the exit route we believe is most appropriate at the time.

Discharge from Liability

- We will be discharged from liability in respect of any of our actions as administrators at a time decided by the Secured Creditor and the preferential creditors, or by an order of the Court.

Matters Relating to the Administration Process

Due to the Company's financial position, we will be seeking approval for our remuneration from the secured and preferential creditors.

Administrators' Remuneration

- Whilst we are not seeking fee approval at this time, we currently propose that fee approval will be sought on a fixed fee basis. We also propose that disbursements for services provided by our firm (defined as Category 2 expenses in SIP9) are charged as per our firm's policy.
- If a creditors' committee is appointed, it will be up to the creditors' committee to fix the basis of our fees and Category 2 expenses. If there is no committee, our fees will be approved by the Secured Creditor and preferential creditors. This request for approval does not form part of these Proposals and will be done separately.
- If the relevant class of creditors or the committee do not fix the basis of our fees and Category 2 expenses, we may apply to the Court to fix them no later than 18 months after the date of our appointment.
- Before the basis of our remuneration can be approved, we must provide all creditors with the following:
 - Details of the work we have done and propose to do (much of which has been included in this report);
 - Details of the expenses we expect to incur; and
 - If any element of our remuneration is to be paid on a time cost basis, an estimate of the hours likely to be incurred and the hourly rates for that work (a fees estimate).
- This information will be provided at a later date.

Directors' Conduct and Investigations

- We have a duty to investigate the affairs of the Company to establish if there are any actions that can be pursued for the benefit of creditors as a whole and also to review the conduct of the directors.
- In this latter respect, we must submit a confidential report to the Secretary of State regarding the conduct of all directors and shadow directors who were in office during the three years before the Administration. The content of the reports are confidential and must be submitted within three months of our appointment as joint administrators.
- If creditors wish to bring to our attention any matters that may merit investigation, they should contact us using the details provided at the beginning of this report. This request is a normal part of the course of an Administration and does not imply any criticism of the directors.

Directors' Statement of Affairs

- We were given a statement of affairs for the Company on 7 November 2024, which was signed by Sarah Herriman, the CFO.
- A summary of the statement of affairs and our comments on it are attached as an Appendix. As required by law, it includes details of the names, addresses and debts of creditors (including details of any security held).



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: Pre-Administration Costs

The payment of unpaid pre-administration costs as an expense of the Administration is subject to approval under Rule 3.52 IR16 and does not form part of our Proposals subject to approval under Paragraph 53 Sch.B1 IA86.

Pre-Administration costs

- The table opposite provides details of costs which were incurred before our appointment as administrators but with a view to the Company entering administration, under the letter of engagement signed 8 August 2024 between FTI Consulting LLP and the Company.
- 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 Creditors as required by the situation.
- Our fees as administrators-in-waiting:
 - FTI have charged £126,025.60 (plus VAT) in relation to placing the Company into administration. This included, but was not limited to:
 - Sale of assets: engaging with prospective purchasers of the business after the submission of the first NOI (see page 23 for further details on this accelerated sale process, including the number of parties contacted); assisting management to update sale materials for prospective purchasers; various correspondence with prospective purchasers; coordinating information requests between the Company and prospective purchasers; liaising with Shoosmiths on the terms and structure of the transaction; and negotiating; 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.
 - 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 & records; discussions regarding stock, including location, ease of access for potential purchasers and value.
 - Employee matters: gathering information on employees and liaising with our external employee consultant regarding redundancies to be made post-appointment and drafting the HR1 form.

- Fees charged by Shoosmiths, who provided legal advice to the administrators-in-waiting:
 - Shoosmiths have 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, in order to maximise realisations for the Company's creditors.

Pre-Administration costs (£ plus, VAT)	Paid	Unpaid	Paid by
Our fees as administrators-in-waiting	110,818.80	15,206.80	Company
Fees charged by Shoosmiths, who provided legal advice to the administrators-in-waiting	52,667.30	0.00	Company
Total	163,486.10	15,206.80	

Notes:

We are not aware of any fees or expenses incurred by other Insolvency Practitioners as administrators-in-waiting.

- Unpaid pre-Administration costs are approved by the same class(es) of creditors that determine our remuneration as administrators, or the Court. We set out earlier how remuneration would be approved in the circumstances of this case.

Appendix C: Legal Notices

Creditors should read these important notices regarding this report and the appointment of joint administrators.

Agents of the Company

- 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 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.

Insolvency Code of Ethics

- Administrators are bound by the Insolvency Code of Ethics which can be found online at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

Information on Creditors' Rights

- A creditors' guide to administrations can be found on our website at <https://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

Provision of Services Regulations

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: <https://www.fticonsulting.com/uk/creditors-portal>.

Data Protection

- 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 on our website at <https://www.fticonsulting.com/uk/creditors-portal>.

About this Report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duties under insolvency law and regulation. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of (or any financial interest in) the Company.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and Insolvency (England and Wales) Rules 2016, does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.
- Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Appendix D: An introduction to insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

What is an insolvency process?

- There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.
- The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

What is an insolvency practitioner?

- Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.
- IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.
- IPs are routinely monitored by their professional body to ensure continued adherence to required standards.

Realising the Assets

- The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.
- The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.
- Work done on realising the assets has a direct financial benefit for creditors.

Managing the Company's Affairs

- Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.
- Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.
- Other work might include complying with any licensing or regulatory requirements.

Dealing With Creditors

- It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.
- As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.
- IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

Fulfilling our Statutory Duties

- The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to those affected parties and keep them updated.
- The company's affairs and conduct of its directors must also be investigated to see whether any asset recovery (or other) actions need to be taken.
- Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.
- Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

Appendix E: Statement of Affairs

A statement of the Company's affairs as at 4 November 2024 is enclosed.

- A copy of the directors' statement of affairs is provided in this Appendix. Our comments on the statement are as follows:
 - As is normal in a statement of affairs, there is no provision for the costs of realising the Company's assets or the costs of the Administration.
 - We have not audited the information.
 - c. £4.6k included in the cash balance relates to funds which were provided by the Secured Creditor on trust for the specific purpose of paying October payroll and associated payroll taxes. These funds were not used not used for this specific purpose and will be returned to the Secured Creditor.
 - The VAT receivable balance includes c. £126k relating to the September 2024 VAT return which was submitted to HMRC prior to our appointment. The remaining balance of c. £201k relates to the expected October 2024 VAT return to be submitted by the Administrators. Further work is required to clarify the exact amount of VAT receivable related to the October 2024.

Statement of affairs

Spring Fibre Limited - in Administration	Company number: 12225396
In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	Court Reference: CR-2024-006606

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

statement as to the affairs of (a) **Spring Fibre Limited ("the Company") - In Administration**

on the (b) 4th November 2024, the date that the Company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 4 November 2024 the date that the Company entered administration. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full name

PAULINE LOUISE MERRIN

Signed

R.

Date

8.7/11/2024.

A - Summary of Assets

Assets

Assets subject to fixed charge:

Plant & machinery

WIP

Capitalised labour costs

Intellectual property

Total assets subject to fixed charge

Less: Amount(s) due to fixed charge holder(s)

Shortfall / surplus to fixed charge holder(s) c/d

Assets subject to floating charge:

Cash & Cash Equivalents

Stock

Computer equipment

Business information

Contracts

VAT Receivable

Prepayments, payments on account & deposits

Total assets subject to floating charge

Uncharged assets:

No uncharged assets

Total uncharged assets

Estimated total assets available for preferential creditors

	Book Value £	Estimated to Realise £
	2,527,479.29	
	5,885,115.93	1,447,997.00
	2,407,535.27	
	0.00	1.00
	10,820,130.49	1,447,998.00
	(33,529,474.29)	(33,529,474.29)
	(22,709,343.80)	(32,081,476.29)
	641,580.59	641,580.59
	4,591,214.19	50,000.00
	46,543.26	2,000.00
	0.00	1.00
	0.00	1.00
	327,278.12	327,278.12
	207,034.18	0.00
	5,813,650.34	1,020,860.71
	0.00	0.00
	0.00	0.00
	5,813,650.34	1,020,860.71

Signature

Date

7/11/2024

A1 - Summary of Liabilities

	Book Value £	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	5,813,650.34	1,020,860.71
Liabilities		
Ordinary preferential creditors:		
Employees (28)		(55,111.23)
Estimated deficiency / surplus as regards ordinary preferential creditors		965,749.48
Secondary preferential creditors:		
HMRC	(127,293.19)	(127,293.19)
Estimated deficiency / surplus as regards secondary preferential creditors		838,456.29
Less uncharged assets		0.00
Net property		838,456.29
Estimated prescribed part of net property where applicable (to carry forward)		(170,691.26)
Estimated total assets available for floating charge holders		667,765.03
Debts secured by floating charges		(32,081,476.29)
Estimated deficiency / surplus of assets after floating charges		(31,413,711.26)
Estimated prescribed part of net property where applicable (brought down)		170,691.26
Uncharged assets		0.00
Total assets available to unsecured creditors		170,691.26
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		(3,899,946.90)
Consumer creditors for pre-paid goods or services (no consumer creditors)		0.00
Employees (28)		(176,271.45)
Shortfall to floating charge holders (brought down)		(31,413,711.26)
Estimated deficiency / surplus as regards creditors		(35,319,238.35)
Issued and called up capital		(48,696.45)
Estimated total deficiency / surplus as regards members		(35,367,934.80)

Signature



Date

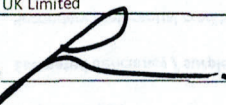
7/11/2020

B
Company Creditors

Note You must include all creditors and identify creditors under hire-purchase, chattel leasing or conditional sale agreements *and* creditors claiming retention of title over property in the company's possession.

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
DICP Holdco Limited	Queensbury House 3rd Floor, 3 Old Burlington Street, London, W1S 3AE	33,899,474.29	Fixed and floating charges	19-Jul-22	33,529,474.29
APL Health Limited	9 Brunel Court, Rudheath Way, Northwich, Cheshire, CW9 7LP	140.00	N/A	N/A	N/A
Andrew Skipsey	N/A	345.54	N/A	N/A	N/A
Apointe Ltd	Chiltern Court, 37 St. Peters Avenue, Caversham, Reading, Berks., RG4 7DH	1,620.00	N/A	N/A	N/A
APX Smart Solutions	Mountain View, Station Approach, SA67 8TY	2,127.42	N/A	N/A	N/A
AXUP - MRA Farming	Brind Leys, Goole, DN14 7JY	32,488.06	N/A	N/A	N/A
BRM	3 Waterfront Business Park, West Midlands, DY5 1LX	8,918.33	N/A	N/A	N/A
BUPA	Bupa Place, 102 The Quays, Salford, M50 3SP	1,016.13	N/A	N/A	N/A
Cogent Communications	2 Temple Back East, Temple Quay, BS1 6EG	1,140.00	N/A	N/A	N/A
CustodianDC	Vinters Business Park, New Cut Road, ME14 5NZ	3,067.01	N/A	N/A	N/A
DSG	57 Shire Road, Leeds, LS27 0SN	736.64	N/A	N/A	N/A
EuNetworks Fibre UK Limited	5 Churchill Place, London, E14 5HU	1,734.00	N/A	N/A	N/A
Flow Communications (UK)	Punchbowl Park, Cherry Tree Lane, HP2 7EU	3,145.50	N/A	N/A	N/A
Fora Space Limited	89 Wardour Street, London, W1F 0UB	9,871.20	N/A	N/A	N/A
Gallagher	25 Walbrook, 7th Floor and Part Basement, London, EC4N 8AF	2,446.79	N/A	N/A	N/A
Graham Smith UK	Clay Hill Park, Barnes Green, Brinkworth, Wilts., SN15 5AQ	37,047.76	N/A	N/A	N/A
Hague Telecom Services Ltd	Estate Rd No.7, DN31 2TP	49,530.69	N/A	N/A	N/A
JRC Communications Ltd	Unit 1 Harbour Rd Trading Est, Harbour Road, Portishead, Bristol, BS20 7BL	135,519.95	N/A	N/A	N/A
Kainos	Kainos House, 4-6 Upper Crescent, Belfast, BT7 1NT	900.00	N/A	N/A	N/A
Leeds City Council	Civic Hall, Calverley Street, LEEDS, LS1 1UR	1,260.00	N/A	N/A	N/A
Lex Autolease	Heathside Park, Heathside Park Road, SK3 0RB	416.70	Hire purchase creditor	N/A	N/A
Lincolnshire County Council	Thomas Parker House, 13/14 Silver Street, LN2 1DY	765.00	N/A	N/A	N/A
Mills	Unit 2, Zodiac Business Park, High Road, UB8 2GU	8,696.76	N/A	N/A	N/A
Netceed UK Limited	Nordic House, Old Great North Road, Sawtry, Huntingdon, PE28 5XN	52,395.59	N/A	N/A	N/A
Openreach	1 Braham Street, E1 8EE	12,851.20	N/A	N/A	N/A
Pozitive Energy Ltd	The Octagon, 27 Middleborough, Colchester, C01 1TG	898.93	N/A	N/A	N/A
Prime Perception Ltd	Brook House, Popes Hill, Kingsclere, RG20 5SJ	14,400.00	N/A	N/A	N/A
Radius Systems	Halfpenny Valley Industrial Estate, Parkview Street, Portadown Road, BT66 8TP	237,160.16	N/A	N/A	N/A
Reception247	4 Paradise Street, Sheffield, South Yorkshire, S1 2DF	299.04	N/A	N/A	N/A
Safemore Risk Solutions Ltd	Parkhill Studio, Walton Road, Wetherby, LS22 5DZ	1,494.00	N/A	N/A	N/A
Sapphire Technologies Ltd	The Cube, Barrack Road, Newcastle Upon Tyne, NE4 6DB	1,200.00	N/A	N/A	N/A
SCD Group	Norton House, Peckfield Business Park, Phoenix Avenue, Leeds, LS25 4DY	2,903,522.10	N/A	N/A	N/A
Wolseley UK Limited	Ashfield Way, Leeds, LS12 5JB	2,792.40	N/A	N/A	N/A

Signature




Date

7/11/2024

E
Shareholders

Note You must include all shareholders of the company

Name of shareholder	Address (with postcode)	Type of share held	Nominal value of share £/p	Number of shares held	Amount per share called up £/p	Total amount called up £
DICP Holdco Limited	Queensbury House 3rd Floor, 3 Old Burlington Street, London, W1S 3AE	Ordinary Class A	0.001	34,676,178	0.001	34,676.18
Kingsley Capital (Cayman) Limited	PO Box 490, 67 Fort Street, George Town, Grand Cayman, Cayman Islands, KY11106	Preferred Class B	0.001	2,959,991	0.001	2,959.99
Graphite Strategy Ventures LLP	James House, 40 Lagland Street, Poole, Dorset, BH15 1QG	Preferred Class B	0.001	2,644,169	0.001	2,644.17
Stafford Place Holdings Limited		Preferred Class B	0.001	4,861,446	0.001	4,861.45
Jakub Świeboda	N/A	Preferred Class B	0.001	672,819	0.001	672.82
Rosalind Singleton	N/A	Preferred Class B	0.001	204,975	0.001	204.98
Rosalind Singleton	N/A	Preferred Class C	0.001	208,057	0.001	208.06
Rosalind Singleton	N/A	Deferred	0.001	208,057	0.001	208.06
Tony Marshall	N/A	Preferred Class B	0.001	302,653	0.001	302.65
Jeffrey Magyar	N/A	Preferred Class B	0.001	67,282	0.001	67.28
Paul Jaikaran	N/A	Preferred Class B	0.001	28,555	0.001	28.56
Paul Jaikaran	N/A	Preferred Class C	0.001	319,021	0.001	319.02
Investments 21 Limited		Preferred Class B	0.001	504,421	0.001	504.42
Mike Ghent	N/A	Preferred Class B	0.001	28,555	0.001	28.56
Mike Ghent	N/A	Preferred Class C	0.001	319,021	0.001	319.02
Ciaran Canavan	N/A	Preferred Class B	0.001	168,205	0.001	168.21
Indraneil Mahapatra	N/A	Preferred Class B	0.001	40,353	0.001	40.35
Nicholas Green	N/A	Preferred Class C	0.001	208,057	0.001	208.06
Stuart Sutton	N/A	Preferred Class C	0.001	138,705	0.001	138.71
Chris Baxter	N/A	Preferred Class C	0.001	13,870	0.001	13.87
Chris Baxter	N/A	Deferred	0.001	13,871	0.001	13.87
Gavin Davis	N/A	Preferred Class C	0.001	27,741	0.001	27.74
Paul Tyrell	N/A	Preferred Class C	0.001	27,741	0.001	27.74
Hitesh Dhorajiwala	N/A	Preferred Class C	0.001	27,741	0.001	27.74
Justin Bowker	N/A	Preferred Class C	0.001	24,967	0.001	24.97

Signature  . Date 7/11/2024 .