

The Insolvency Act 1986

Administrator's progress report 2.24B(CH)

| | |
|---|-----------------------------------|
| Name of Company H2O Networks Limited | Company Number 04896797 |
| In the High Court of Justice, Chancery Division, Companies Court (full name of court) | Court case number 1501 of 2011 |

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

We (a) Toby Scott Underwood and David James Kelly of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW

administrators of the above company attach a progress report for the period

from

to

(b) 18 October 2011

(b) 3 April 2012

(b) Insert dates

Signed

Joint Administrator

Dated

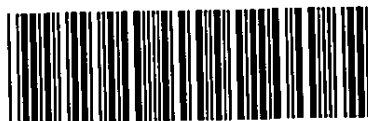
5/4/2012

Contact Details:

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

| | |
|--|-------------------|
| Clare Davison | |
| Benson House, 33 Wellington Street, Leeds, LS1 4JP | |
| | Tel 0113 289 4062 |
| DX Number | DX Exchange |

THURSDAY



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Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

Administrator's progress report 2.24B

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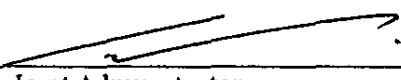
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An update on each of the remaining assets and the deferred consideration is detailed below

Asset Realisations

Deferred Consideration

As detailed above, deferred consideration of £1.3 million was due on 18 October 2011. CFN contacted the Administrators' prior to this date to discuss an alternative payment schedule.

At the date of the last report CFN had paid £92,000 on 18 October 2011, with a further £200,000 payable on 30 November 2011 and the balance of £1,008,000 due on 31 January 2012.

CFN contacted the Administrators' prior to the payment due on 30 November 2011 to discuss a further adjustment to the payment schedule due to cash flow and timing issues. Detailed below are the various receipts that have now been received in full.

| Date | Amount (£) |
|------------------|-------------------|
| 18 October 2011 | 92,000 |
| 30 November 2011 | 100,000 |
| 1 December 2011 | 100,000 |
| 1 February 2012 | 50,000 |
| 16 February 2012 | 958,006 |
| Total | 1,300,006 |

In consideration for the change in payment timings, an additional amount of £66,700 was paid by CFN on 16 February 2012 to cover costs.

As the deferred consideration was secured by a first ranking debenture interest was also due from CFN due to the delay in payments. Total interest received under the debenture was £16,033.30.

Shares in joint ventures

The Company held shares in two joint ventures, H2O Ireland Limited and H2O Communications Limited. The administrators have concluded that these contain no value and therefore no funds are expected from this source.

Balance due from Earlestown Technology Limited (formerly i3 Group Limited)

Earlestown Technology Limited ("Earlestown") owes the Company £11.5 million. The administrators approached Earlestown to discuss settlement; however, a notice of intention to appoint administrators was filed by Earlestown on 17 May 2011 and the company entered administration on 24 May 2011. The Administrators have been in dialogue with Matthew Dunham and Les Ross of Grant Thornton LLP, the administrators of Earlestown.

The administrators of Earlestown had confirmed in their proposals that the estimated dividend to unsecured creditors was expected to be 14p in the £. The Administrators continue to discuss the position with the administrators of Earlestown.

Forensic investigations

We continue to investigate a number of unusual transactions which took place prior to our appointment. For confidentiality reasons, I am unable to give any further information at this stage.



however if any of our investigations result in recoveries for the creditors of the Company, we will provide an update as soon as they are concluded.

These investigations will continue whilst the Company is in liquidation

Receipts & payments account

Attached at Appendix B is an abstract of the receipts and payments in relation to the Company from the date of appointment on 18 April 2011 to 3 April 2012

Expenses statement

A statement of the expenses incurred by the Administrators in the period 18 April 2011 to 3 April 2012 is included at Appendix C. This statement provides an estimate of expenses incurred and unpaid for the period, therefore are yet to be finalised and may be subject to adjustments before payment. The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period.

Any outstanding administration expenses will be paid from the subsequent liquidation.

Administrators' remuneration

The former Administrators' remuneration was approved on a time costs basis by the general body of creditors. The Administrators' have drawn total remuneration of £278,000

The time costs for the period from appointment to 3 April 2012 are £422,229. This represents 1,493.13 hours at an average hourly cost of £282.78. This amount does not necessarily reflect the amount that will be drawn as remuneration by the Administrators for this period in due course. In accordance with the Statement of Insolvency Practice 9, a full analysis of the Administrators' time costs and Category 2 disbursements for the period up to 3 April 2012 is provided in Appendix E.

Pre-Administration costs

The Administrators sought approval for the unpaid pre-appointment costs at the meeting of creditors. These costs were detailed in the Administrators' Proposals and as such costs of £113,425 have been drawn in full.

Creditors' rights

A statement of creditors' rights in relation to the Administrators' remuneration and expenses is set out at Appendix D.

Estimated outcome for creditors

Secured creditor

The Administrators understand that there is a debenture registered in favour of Cityfibre Holdings Limited ("CFH") dated 22 February 2011.

In the directors' statement of affairs the amount listed against the debenture is £277,700, however, initially the Administrators understood that the amount due to CFH was £100,000.



This amount was subsequently adjusted by CFH to £307,768 in June 2011.

The Administrators continue to correspond with CFH (and their solicitors) as regards the level of this claim but until the issue is resolved, the claim will be provided for in full.

Preferential creditors

Preferential claims arise in respect of unpaid wages, subject to statutory limits, and holiday pay for employees. The administrators believe that there will be no preferential claims against the Company as all employees were transferred to the Purchaser on appointment.

Unsecured creditors

The Administrators' set a final date for proving as 17 October 2011. The unsecured creditor claims received and admitted totalled £82,044,423. The Administrators' declared and paid the first interim dividend of 3p in the £ to unsecured creditors on 14 November 2011 resulting in a total distribution of £2,461,332 72.

The process for the second interim distribution will now be started as the Company has entered liquidation and it is anticipated that the dividend will be declared in May 2012

Prescribed Part

The Prescribed Part (Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs, to be set aside for unsecured creditors. For each company, this equates to:

- 50% of net property up to £10,000
- 20% of net property in excess of £10,000
- Subject to a maximum amount of £600,000

The Prescribed Part applies to the Company as there are charges created and registered at Companies House following the Prescribed Part order coming into force on 15 September 2003

However, as the floating charge debt (subject to validity), will be discharged in full the Prescribed Part calculation will not be relevant as the unsecured creditors' position will not change.

Investigations into the conduct of directors

The Administrators have a duty to review the conduct of everyone who has acted as a director of the Company in the three years prior to the Administration and report to the Insolvency Service on their findings. I can confirm that this report has been completed and submitted. For confidentiality reasons, I am unable to give any further information.

Professional advisors

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated alongside, the basis of their fee arrangement with them



| Service Provided | Name of Professional Firm | Basis of Fee | Fees Taken |
|----------------------------|---------------------------|--------------|------------|
| Legal Advice | Addleshaw Goddard LLP | Time costs | £62,039.32 |
| Chattel agents and valuers | Edward Symmons LLP | Fixed Fee | £10,000 00 |

The choices were based on the Administrators' perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them. The Administrators have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of this case.

Ending the Administration

The Administration came to an end on 3 April 2012.

In accordance with the proposals approved by creditors, the Company entered into creditors' voluntary liquidation on 3 April 2012. There having been no alternate nomination Toby Scott Underwood and David James Kelly were appointed as joint liquidators.

Discharge from liability

The Administrators applied to court on 20 March 2012 for their discharge from liability. It was ordered that the Joint Administrators be released from all liability in respect of any actions of them as administrators pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, such release to take effect 14 days after sending the final progress report to all those who received notice of the Administrators' appointment.

Future reporting

The next report to creditors will be circulated by the liquidators in approximately 12 months time.

Should you have any further questions, please do not hesitate to contact my colleague, Clare Davison, on 0113 289 4062 or clare.n.davison@uk.pwc.com.

Yours faithfully
For and on behalf of the Company

Toby Underwood
Joint Liquidator and Former Joint Administrator

Toby Scott Underwood and David James Kelly are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

Appendix A: Statutory Information

| | |
|---|---|
| Court details for the Administration: | 1501 of 2011 High Court of Justice, Chancery Division, Companies Court |
| Full name: | H2O Networks Limited |
| Trading name: | H2O Networks Limited |
| Registered number: | 04896797 |
| Registered address: | Benson House, 33 Wellington Street, Leeds LS1 4JP |
| Company directors: | Mark Collins, William Mesch, Roy Shelton and Carl Cumiskey, |
| Company secretary: | David Fleming |
| Shareholdings held by the directors and secretary: | None |
| Date of the Administration appointment: | 18 April 2011 |
| Administrators' names and addresses: | Toby Underwood and David Kelly of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW |
| Appointor's / applicant's name and address: | Applicant Total Asset Limited – in administration 1 City Square, Leeds, LS1 2AL |
| Objective being pursued by the Administrators: | Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) |
| Division of the Administrators' responsibilities: | In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Administration is in force, any function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office |
| Proposed end of the Administration: | Creditors Voluntary Liquidation |
| Estimated dividend for unsecured creditors: | 5p in the £, however, please note this is based on the creditors figures in the directors' statement of affairs and is subject to change dependent on final creditor claims received and further asset realisations |
| Estimated values of the prescribed part and the company's net property: | N/A |
| Whether and why the Administrators intend to apply to court under Section 176A(5) IA86: | N/A |
| The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000): | The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings |

APPENDIX B

H2O Networks Limited
(In Administration)
Administrators' abstract of receipts and payments

| | 18 April 2011 to 17 October 2011 | 18 October 2011 to 3 April 2012 | 18 April 2011 to 3 April 2012 |
|--|-------------------------------------|------------------------------------|----------------------------------|
| | £ | £ | £ |
| FIXED CHARGE REALISATIONS | | | |
| Intellectual Property Rights | 1 00 | 0 00 | 1 00 |
| Goodwill | 1 00 | 0 00 | 1 00 |
| | 2 00 | 0 00 | 2 00 |
| COST OF REALISATION / PAYMENTS | 0 00 | 0 00 | 0 00 |
| | 0 00 | 0 00 | 0 00 |
| DISTRIBUTIONS TO FIXED CHARGE CREDITORS | | | |
| Distribution to secured creditors | 0 00 | 0 00 | 0 00 |
| | 0 00 | 0 00 | 0 00 |
| NET FIXED CHARGE REALISATIONS/(PAYMENTS) | 2 | 0 00 | 2 00 |
| FLOATING CHARGE REALISATIONS | | | |
| Intercompany Debtors | 1,900,000 00 | 0 00 | 1,900,000 00 |
| Customer Contracts | 1,140,000 00 | 0 00 | 1,140,000 00 |
| Stock (including network assets) | 1,000,000 00 | 0 00 | 1,000,000 00 |
| Trade Debtors | 600,000 00 | 0 00 | 600,000 00 |
| Plant (including vehicles and computers) | 60,000 00 | 0 00 | 60,000 00 |
| Business Name | 1 00 | 0 00 | 1 00 |
| Business Rights | 1 00 | 0 00 | 1 00 |
| Third Party Licences | 1 00 | 0 00 | 1 00 |
| Transferred Records | 1 00 | 0 00 | 1 00 |
| Deferred Consideration | (1,300,006 00) | 1,300,006 00 | 0 00 |
| Additional fee from CFN | 0 00 | 66,700 00 | 66,700 00 |
| Interest from CFN | 0 00 | 16,033 30 | 16,033 30 |
| Third Party Funds | 0 00 | 27,735 28 | 27,735 28 |
| Balance at Bank | 9,298 53 | 299 94 | 9,598 47 |
| Refunds | 321 51 | 200 06 | 521 57 |
| Interest | 5,361 27 | 2,696 97 | 8,058 24 |
| SAR information request | 0 00 | 10 00 | 10 00 |
| | 3,414,979 31 | 1,413,681 55 | 4,828,660 86 |
| COST OF REALISATION / PAYMENTS | | | |
| Agents' Fees | (10,000 00) | 0 00 | (10,000 00) |
| Legal Fees | (41,298 82) | (20,740 50) | (62,039 32) |
| Storage Costs | (643 91) | (116 46) | (760 37) |
| Statutory advertising | (147 24) | (73 62) | (220 86) |
| Pre appointment Office Holders' Fees | (113,424 82) | 0 00 | (113,424 82) |
| Post appointment Office Holder's Fees | 0 00 | (278,000 00) | (278,000 00) |
| Post appointment Office Holder's Expenses | 0 00 | (3,756 03) | (3,756 03) |
| VAT account | (33,083 14) | (30,766 57) | (63,849 71) |
| | (198,597 93) | (333,453 18) | (532,051 11) |
| PREFERENTIAL CREDITORS | | | |
| Employees arrears of wages and holidays | 0 00 | 0 00 | 0 00 |
| | 0 00 | 0 00 | 0 00 |
| DISTRIBUTIONS TO FLOATING CHARGE CREDITORS | | | |
| Distribution to secured creditors | 0 00 | 0 00 | 0 00 |
| | 0 00 | 0 00 | 0 00 |
| NET FLOATING CHARGE REALISATIONS/(PAYMENTS) | 3,216,381 38 | 1,080,228 37 | 4,296,609 75 |
| UNSECURED CREDITORS | | | |
| Trade creditors | - | (2,461,332 72) | (2,461,332 72) |
| | 0 00 | (1,835,279 03) | (1,835,279 03) |
| FUNDS TRANSFERRED TO LIQUIDATOR | 0 00 | (1,835,279 03) | (1,835,279 03) |
| TOTAL BALANCE AT BANK | 3,216,383 38 | (3,216,383 38) | 0 00 |

APPENDIX C

H2O Networks Limited
(In Administration)
Expenses accrued

| | 18 April 2011 to 3 April 2012 | | Total expenses incurred to 3 April 2012 |
|--------------------------------------|-----------------------------------|-------------------|---|
| | Estimated accrued unpaid expenses | Expenses paid | |
| PAYMENTS | £ | £ | £ |
| Agents' Fees | - | 10,000 00 | 10,000.00 |
| Legal Fees | 45,650 00 | 62,039 32 | 107,689 32 |
| Storage Costs | - | 760 37 | 760.37 |
| Statutory advertising | - | 220 86 | 220 86 |
| Pre appointment Office Holders' Fees | - | 113,424 82 | 113,424.82 |
| Office Holders' Fees | 144,229 14 | 278,000 | 422,229 14 |
| Office Holders' expenses | - | 3,756 | 3,756 03 |
| | 189,879.14 | 468,201.40 | 658,080.54 |

Appendix D: Statement of creditors' rights

The IR86 provide for creditors to request further information and challenge the Administrators' remuneration and expenses. The relevant provisions are as follows -

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information.

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just "

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
- (c) expenses incurred by the administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the

Appendix D: Statement of creditors' rights

applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly.

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
- (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just; but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

Analysis of time costs for the period up to 3 April 2012

Appendix E

| Aspect of Administration | Partner | Director | Senior Manager | Manager | Senior Associate | Associate | Support Staff | Total hours | Time costs £ | Average hourly rate £ |
|--------------------------------------|--------------|---------------|----------------|---------------|------------------|---------------|---------------|-----------------|-------------------|-----------------------|
| 1 Strategy & Planning | 7.50 | 11.80 | 0.75 | 2.75 | 0.60 | | | 23.40 | 10,289.90 | 439.74 |
| 2 Accounting and treasury | | | 0.35 | 0.20 | 5.15 | 11.45 | 2.50 | 19.65 | 3,319.55 | 168.93 |
| 3 Statutory and other compliance | 4.50 | | 1.40 | 37.40 | 43.10 | 10.80 | 0.50 | 97.70 | 25,260.80 | 258.55 |
| 4 Investigations | 6.30 | 32.00 | 5.45 | 85.40 | 45.80 | 1.00 | | 175.95 | 55,153.35 | 313.46 |
| 5 Freehold/leasehold property | | | | | 0.50 | | | 0.50 | 113.00 | 226.00 |
| 6 Reporting / Liaison with appointor | 2.00 | 17.00 | | 33.50 | | | 1.50 | 54.00 | 18,636.50 | 345.12 |
| 7 Creditors / Liabilities | | | 2.05 | 15.10 | 36.70 | 3.55 | 0.30 | 57.70 | 14,131.95 | 244.92 |
| 8 Employees/Pensions | | | 0.30 | | 0.80 | 4.10 | | 5.20 | 1,030.70 | 198.21 |
| 9 Tax/VAT | 0.50 | | | 12.65 | 13.10 | 2.60 | | 28.85 | 8,484.40 | 294.09 |
| 10 Book debts | | 7.50 | | 8.50 | | | | 16.00 | 5,811.50 | 363.22 |
| 11 Sale of Business | | 6.00 | | | | | | 6.00 | 2,616.00 | 436.00 |
| 12 Other Assets | | | | 3.40 | | | | 3.40 | 1,016.60 | 299.00 |
| 13 Closure | | | 1.00 | 4.25 | 0.30 | 2.60 | | 8.15 | 2,090.75 | 256.53 |
| Total for period | 20.80 | 74.30 | 11.30 | 203.15 | 146.05 | 36.10 | 4.80 | 496.50 | 147,955.00 | 298.00 |
| B/F at 17 October 2011 | 56.40 | 154.00 | 29.95 | 209.57 | 402.61 | 138.30 | 5.80 | 996.63 | 274,274.14 | 275.20 |
| Total to 3 April 2012 | 77.20 | 228.30 | 41.25 | 412.72 | 548.66 | 174.40 | 10.60 | 1,493.13 | 422,229.14 | 282.78 |

Charge out rates per hour from 1 May 2011

- insolvency

Charge out rates per hour from 1 July 2011

- specialist

| Category 2 disbursements (for services provided by the Administrators' own firm) | | Costs to 3 April 2012 £ |
|--|---|-------------------------|
| Photocopying | At 4 pence per sheet copied, only charged for circulars to creditors and other bulk copying | 806.81 |
| Mileage | At a maximum of 64p per mile (up to 2000cc) or 81p per mile (over 2000cc) | 143.11 |
| Category 1 disbursements - All other disbursements charge at cost | | 2,806.11 |
| Total | | 3,756.03 |

Appendix F: Administrators' proposals

Proposals for achieving the purpose of the Administration

The Administrators make the following proposals for achieving the purpose of administration.

- i) The Administrators will continue to manage and finance the Company's business, affairs and property from asset realisations in such manner as they consider expedient with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)
- ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
- iii) If it transpires that there are sufficient funds to enable a distribution to the non-preferential unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and that the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration
- iv) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch B1 IA86
- v) A creditors' committee will be established if sufficient creditors are willing to act on it. If a creditors' committee is appointed the Administrators will consult with it from time to time. Where the Administrators consider it appropriate, they will seek sanction from the committee to a proposed action rather than convening a meeting of all creditors
- vi) The Administrators will consult with the creditors' committee, if one is appointed, concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous. The Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension
- vii) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances -
 - (a) If it transpires that there are sufficient funds to enable a distribution to the unsecured creditors once asset disposals are complete, the Administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that Toby Underwood and David Kelly be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch B1 IA86 and Rule 2.117(3) IR86, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved, or,
 - (b) Once asset disposals are complete, the Administrators may apply to the Court to allow the Administrators to distribute surplus funds, if any, to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Sch B1 IA86, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any order of the court.
- viii) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of theirs as Administrators at a time determined by the court.
- ix) It is proposed that the pre-Administration costs are approved for payment as an expense of the Administration. If the meeting of creditors elects a creditors' committee it will be for the creditors' committee to approve payment of the pre-Administration costs as expenses of the Administration
- x) It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to

Appendix F: Administrators' proposals

their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy as set out in Appendix C. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, it will be for the general body of creditors to determine these instead.

Creditors will be asked to vote upon the following matters at the initial meeting of creditors

- The approval of the Administrators' proposals for achieving the purpose of administration
- The formation of a creditors' committee, if applicable
- If a creditors' committee is not formed – the basis and level of the Administrators' fees and Category 2 disbursements
- If a creditors' committee is not formed -approval of the pre-appointment costs

H2O Networks Limited - in Administration – Statement of Claim

| | |
|---|---|
| Creditor's name and address | |
| Registered number (if creditor is a company) | |
| Claim amount <ul style="list-style-type: none"> Total amount of your claim (including VAT) at the date the administration commenced Any payment received by the creditor in relation to the claim after the appointment of the administrators Total value (including VAT) of any monies owed by the creditor to the company. Total value (including VAT) of any retention of title in respect of any goods to which the debt relates | <div style="text-align: right;">£</div> <div style="text-align: right;">£</div> <div style="text-align: right;">£</div> <div style="text-align: right;">£</div> |
| Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title. If available, please attach a statement of account | |
| What goods or services did you provide? | |
| If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security If no security held, leave this section blank | |
| We have a duty as administrators to consider the conduct of the directors prior to our appointment. Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed? If so, please provide brief details on this form, or on a separate sheet if there is insufficient room | |
| Signature of creditor or person authorised to act on behalf of the creditor. | Date |
| Name in block capitals | |
| Position with or relation to the creditor (e.g. director, company secretary, solicitor) | |

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* You must deduct any trade or other discounts which would have been available to the company but for its administration except any discount for immediate, early or cash settlement