

AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



A17 *A6AIWFK* 12/07/2017 #317
COMPANIES HOUSE

1 Company details

Company number 05650861

Company name in full AB INTERNET LIMITED

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

2 Administrator's name

Full forename(s) MARTIN CHARLES

Surname ARMSTRONG

3 Administrator's address

Building name/number ALLEN HOUSE

Street 1 WESTMEAD ROAD

Post town SUTTON

County/Region SURREY

Postcode SM14LA

Country

4 Administrator's name

Full forename(s) JAMES EDMUND

Surname PATCHETT

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number ALLEN HOUSE

Street 1 WESTMEAD ROAD

Post town SUTTON

County/Region SURREY

Postcode SM14LA

Country

② Other administrator
Use this section to tell us about
another administrator

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6 Statement of proposals

<input checked="checked" type="checkbox"/>	I attach a copy of the statement of proposals
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7 Sign and date

Administrator's Signature	Signature ✕	✕																
Signature date	<table border="1"><tr><td>d</td><td>1</td><td>d</td><td>1</td></tr></table>	d	1	d	1	<table border="1"><tr><td>m</td><td>0</td><td>m</td><td>7</td></tr></table> <table border="1"><tr><td>y</td><td>2</td><td>y</td><td>0</td><td>y</td><td>1</td><td>y</td><td>7</td></tr></table>	m	0	m	7	y	2	y	0	y	1	y	7
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Notice of Administrator's Proposals



Presenter information

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

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

**Joint Administrators' Proposals relating to
AB Internet Limited ("the Company") – In Administration**

Issued on: 11th July 2017

Deemed delivered to all creditors on: 17th July 2017



James E Patchett and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company

1. STATUTORY INFORMATION

Company Information

Company name:	AB Internet Limited
Previous name:	N/A
Trading name:	N/A
Company number:	05650861
Date of incorporation:	9 th December 2005
Trading addresses	4 Pioneer Way, Lincoln LN6 3DH 62 Sewell Road, Lincoln LN2 5QX
Current registered office:	Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA
Former registered office	Landmark House, 1 Riseholme Road, Lincoln, Lincolnshire LN1 3SN
Principal trading activity	Internet Service Provider

Appointment Details

Administrators	Martin C Armstrong and James E Patchett
Administrators' address	Turpin Barker, Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA
Date of appointment	23 rd May 2017
Court name and reference	High Court of Justice CR-2017-003785
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 both of the Administrators acting jointly or alone.

Officers of the Company

<i>Directors.</i>	<i>Name</i>	<i>Shareholding</i>
	Darren Round	510
	Deborah Rizan Stott	250
	Neil Tucker	240
<i>Company secretary:</i>	Deborah Rizan-Stott	As above

Share capital

<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
1,000 ordinary shares of £1 each	1,000 ordinary shares of £1 each



Charges

<u>Person entitled</u>	<u>Description</u>	<u>Created</u>	<u>Delivered</u>
Catalyst Business Finance Limited	Fixed & Floating Charge	21/07/2016	04/08/2016

2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

The Company had been incorporated in December 2005 and had generally traded profitably.

The Company operated as an Internet Service Provider ("ISP") operating their own wireless network *infrastructure in both urban and rural parts of the UK*

The Company has six 'spokes' to its' business, being five networks which supplies broadband internet to a designated area and one ongoing contract to build and supply a network in Scotland. The five networks were as follows:

- North Wales
- South Wales
- Loch Tay
- Black Isle
- Forest Holidays

The networks all serviced the local community aside from Forest Holidays which serviced the holiday sites operated by Forest Holidays across the country. There had been a further network in Lincoln but that had been sold in December 2016 for £250,000 (payable by deferred instalments)

As stated above, the Company entered into a contract to build and provide a network in Scotland. The contract was with Gigaplay Argyll ("GPA") and was entered into in June 2015. The GPA contract had been expected to be the first of a number of contracts secured with Scottish Government backing although significant delays had been experienced that were primarily related to the acquisition of locations on which to place the required masts. The delays and associated costs had a severe impact on cash flow. Whilst all necessary sites were eventually acquired and the contract (originally due for completion by August 2016) was now expected to proceed, the Company did not have sufficient working capital to acquire the hardware/equipment to be installed and therefore could not progress the contract.

A summary of the Company's recent trading performance can be found at Appendix 7.

It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

The directors were referred to Turpin Barker Armstrong for advice by Charles Boliston of UK Debt Solvers. Turpin Barker Armstrong have a marketing agreement with UK Debt Solvers for the generation of business leads. The directors contacted Turpin Barker Armstrong to discuss the financial position of the Company. A conference call was held between Martin Armstrong and James Patchett (both of Turpin Barker Armstrong) and the directors on 4th May 2017 and the options available to the Board were discussed and considered.

James Patchett subsequently visited the Company's premises to meet with the directors (and their virtual FD) on 8th May 2017. The purpose of this meeting was to discuss the financial position of the Company following on from the call that had taken place on 4th May 2017 and decide on the most appropriate strategy for the Company. At this meeting it was apparent that the Company was suffering from the following financial pressures:

Telephony suppliers

The company utilised BT, Talk Talk and K Com to provide lines that provided services to customers. Arrears had accrued to these suppliers and the Company had already entered into payment plans where



possible. However, due to a failure to maintain agreed payments, all suppliers were threatening to terminate supply. BT had already disconnected some lines which serviced the Black Isle network which had caused supply to customers of this network to cease.

Catalyst Business Finance Limited ("Catalyst")

The secured creditor was owed in excess of £115,000 (as at early May 2017) and the Company had failed to maintain agreed repayments but terms were revised such that the liability was to be repaid in two approximately equal payments at the end of May and June 2017. The Company was expecting an interim payment of circa £82,000 on the GPA contract at the end of May which would have, in the normal course of events, been utilised to pay Catalyst. It was, however, noted that this would cause disruption to payments to suppliers generally, but specifically the telephony suppliers listed above, and risk the disconnection of lines on other networks.

HMRC

The Company had built up arrears of Crown debts and HMRC were owed approximately £60,000 (as at early May 2017). HMRC were due to receive a payment on 8th May 2017 but the Company was unable to make this payment. It was considered likely that the debt would be passed to HMRC's solicitors in order to prepare and issue a winding up petition against the Company, although the Company had received no indication that this process had already started.

Site Shares

Each network was supported by site share agreements with local land/property owners for the erection of masts on their land/property. These agreements generally required the Company to pay a nominal annual rent plus electricity to the owners of the site. Arrears had been accrued in respect of a number of these agreements and some site owners had taken steps to switch off or otherwise tamper with the equipment which affected supply to those customers receiving service from that part of the network.

The position with regards to the saleability of the networks was assessed as follows:

North and South Wales

It was felt that these networks may be of interest to the purchaser of the Lincoln network as well as other operators in that locality.

Forest Holidays

While a third party purchaser was possible, it was noted that Forest Holidays would have to agree to any sale/assignment and it was understood that they may wish to purchase the network themselves.

Loch Tay

It was noted that the assets of Loch Tay were owned by the community rather than the Company and thus only the income stream/Goodwill of this network could be sold (subject to consent/approval from the owners of the physical network).

Black Isle

As previously mentioned, the Black Isle network was out of service due to the disconnection of telephone lines. A sale of this network was highly speculative and any value considered nominal.

In summary, it was felt that there were opportunities for asset sales to be entered into that would enable enhanced realisations when compared with a liquidation and also enable supply to continue to customers (or in the Black Isle's case, recommence).

During this meeting it was therefore concluded that an Administration would be the most appropriate course of action for the Company. This would permit the sale of the parts of the business (whether in a single or multiple sales) as going concerns and would enable a higher return to creditors than simply ceasing to trade and placing the company into liquidation.

In addition, a Company Voluntary Arrangement ("CVA") was not considered viable as the Company was incurring trading losses and would not be able to adhere to an arrangement.

In view of the interest in the networks, it was considered that a pre-pack sale of the business and assets (either as a whole or piecemeal sales of the networks) would be appropriate. A pre-pack Administration is where the marketing and negotiating work to achieve a sale is carried out pre appointment. The terms of the sale(s) are also agreed prior to Administration with the sales executed immediately upon the appointment of an Administrator. In this case it was hoped that this could be achieved, however, on 19th May 2017 we were contacted by the Board who advised that other suppliers had threatened to disconnect supply to the networks. This would have had a catastrophic effect on the Company's ability to service customers and would have dissipated any value of the Company's Goodwill. It was therefore concluded that the Company be placed into Administration without delay in order to utilise the Administrators powers to compel key suppliers to maintain supply in order to achieve a sale (or sales). This would require the Company to continue to trade during the Administration until sales were agreed.

Accordingly, on 23rd May 2017, James E Patchett and I were appointed by the Directors of the Company as Joint Administrators of the Company and took over from the Board responsibility for the management of the affairs, business and property of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, although both Administrators have been involved in dealing with the Company's affairs.

Prior to the commencement of the Administration Turpin Barker Armstrong acted as advisors to the Board as a whole acting on behalf of the Company. No advice was given to the individual directors regarding the impact of the insolvency of the company on their personal financial affairs. Whilst not formally in office at that time, Turpin Barker Armstrong was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.

As required by the Insolvency Code of Ethics, James E Patchett and I considered the various threats to our objectivity arising from this prior involvement. We concluded that those threats were at an acceptable level such that we could still act objectively and hence could be appointed Administrators of the Company.

3. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

As Administrators of the Company, James E Patchett and I are officers of the Court, and must perform our duties in the interests of the 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.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a CVA was not appropriate.

As a result, we are seeking to achieve objective (b) for the Company, and will do this by trading the business and achieving sales of the Company's networks and assets.

The insolvency legislation has set 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 hold a meeting of creditors, in order to seek approval to extending the duration of the Administration

4. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

Trading the business

Following appointment, I took steps to continue to trade the business in order to achieve sales of the business and assets as a whole or, if this could not be achieved, on a piecemeal basis. It was considered that a cessation of the business could have had the following impact

- Dissipated the value of any Goodwill due to termination of supply on all networks
- Immediate termination of the GPA contract, risking non-payment of the outstanding invoice (and any further monies due) in addition to a potential claim for liquidated damages
- Network assets being abandoned on site due to location and prohibitive costs of collection/sale.
- Substantial claims from customers in respect of pre-paid supplies/installations which could not be fulfilled

Accordingly, a period of trading with the sale of the business and assets was considered to be the appropriate strategy in order to maximise recoveries and provide the best outcome for creditors. Whilst a return to unsecured creditors was considered speculative, a sale of the business and assets was expected to discharge the secured creditor in full and provide a return to preferential creditors. Neither of which would have been possible in a Liquidation where trading would have ceased immediately. Ongoing trading resulted in the collection of a significant sum due from GPA (albeit subject to some offset/reduction) which again may not have been possible had the Company ceased to trade

In order to continue to trade it was essential to maintain supply from the backhaul internet providers for each network (the backbone of the networks). These suppliers were engaged with and supply was maintained where possible. In addition, time has been spent trying to facilitate the reconnection of lines that had previously been disconnected prior to Administration

Following my appointment, I also liaised with the directors regarding the key clerical and technical personnel required to continue trading and deal with any outages. In this regard, one director was made redundant with effect from 24th May 2017 (but retained on a contracted basis to assist with the proposed sales). A further 6 staff (including the remaining 2 directors) were made redundant on 31st May 2017 (again the two directors were retained on a contracted basis to assist with the proposed sales and ongoing trading). Correspondence was entered into with staff regarding their position and any unpaid entitlements (and their ability to make a claim from the Redundancy Payments Office ("RPO")).

In the trading period it has also been necessary to have extensive daily correspondence with customers regarding various issues, including service outages, faulty sites/equipment, payments, potential new suppliers and claims for any losses suffered by them as a result of the Company's insolvency

The trading period has largely been funded using funds received on the GPA contract in addition to receipts from customers for monthly internet supply. In order to continue trading, it has been necessary to make ongoing payments to third parties including, but not limited to, staff, HMRC, suppliers and landlords. There will be further expenses for the trading period and these will be paid from funds held (and received going forward). Unfortunately I am unable to provide full details of these expenses at this time as I am awaiting a number of invoices for the trading period, particularly from utility providers and backhaul internet providers.

The work undertaken to continue to trade the business has been considerable and a summary of the work undertaken in this regard is as follows

Obtaining appropriate information about the business.
Arranging suitable insurance for the business.



Substantial correspondence with customers regarding service, repairs, site issues and payments on a daily basis

Making non-essential staff redundant

Corresponding with the Company's bankers regarding payments received post-appointment

Liaising with key suppliers and landlords and arranging payments as an expense of Administration

Setting up suitable systems and controls in respect of purchases and sales for the business.

Liaising with staff and directors on a daily basis

Liaising with accountant regarding submission of relevant information in respect of wages and salaries paid.

Monitoring and controlling the day to day trading of the business (including site visits/repairs).

Liaising with pension provider

Monitoring and making payments in respect of staff wages, PAYE/NIC and pension contributions

The Company's trade is labour intensive and primarily requires clerical and technical staff to deal with administrative functions and maintenance of internet supply/networks (including site visits and repairs) respectively. The Company held a minimal amount of stock as at Administration with nominal value. In view of the estimated value, some of the Company's residual stock was sold on eBay by the directors (as agreed with our appointed agents). The total funds received in this regard was £2,084 (net of VAT and eBay/Paypal charges). These funds were withdrawn from Paypal in cash periodically and retained to be utilised in respect of travel and subsistence expenses in connection with maintaining the networks. The sum of £1,540 is currently held by the Company in this regard. As the funds have not passed through the Administration estate account they are not detailed on the attached trading receipts and payments account. These funds are likely to be utilised further for ongoing travel and subsistence expenses and therefore cash in hand is not included on the attached estimated outcome statement.

There remains a small amount of residual stock which was not sold on eBay and is expected to be included in the proposed sale of the networks.

Uncollected debts/Trading Assets

During the trading period, invoices were raised in May and June totalling £59,363.68 (net of VAT) (which includes invoices relating to supply to the Lincoln purchaser and a further payment due under the GPA contract). Of these invoices, the (net) sum of £51,865 remains outstanding and will be pursued. However, the Company invoiced customers in advance for internet supply, and in view of the periodic outages suffered due to faulty equipment and disconnected of lines by suppliers, the level of any further payments received from customers is uncertain. Any future receipts will reduce the estimated trading loss for the trading period.

Unpaid Liabilities

I am still awaiting invoices from a number of third parties in respect of the liabilities incurred during the trading period. These include payments due for utilities, backhaul supply, staff/contractors and rent. Based on information known to date, and the amounts estimated to be owed for the foregoing supplies based on the Company's prior payments, I estimate that unpaid liabilities to date amount to circa £42,500 (net of VAT). Please note that this does not include any liabilities incurred for trading beyond the date of these proposals.

Trading Loss

After taking into account the above, the receipts and payments made to date, the projected receipts and payments, and my firm's time costs for the trading period (estimated at £35,300 as detailed later in this report), I anticipate that the trading loss for the Company will be circa £80,000. Whilst this loss is significant, the ongoing trading of the Company has resulted, or is expected to result, in the following.

- Recovery of funds under GPA contract which is unlikely to have been recovered in a Liquidation.
- Recovery of May payment from purchaser of Lincoln network (which is unlikely to have been paid if the Company ceased to trade due to the obligations on the Company included in the sale contract)
- Increased realisations in respect of Goodwill of £130,000
- Increased realisations in respect of the tangible Network assets



- Increased debtor realisations due to ongoing supply
- Minimised claims from customers in respect of prepayments for supply which could no longer be fulfilled upon cessation
- Minimised employee claims where staff have voluntarily left their employment with the Company

In view of the above, I consider that ongoing trading (although loss making) has helped achieve the statutory objective being pursued and has not prejudiced the position of unsecured creditors on the basis that the prospects of a return when compared with a liquidation remains unaffected.

Other work undertaken

Realisation of assets

In addition to trading, the other primary focus has been trying to achieve sales of the business and assets. Specialist agents, Lambert Smith Hampton, were engaged to value the Company's assets and market the business and assets for sale (either as a whole or by sales of networks separately).

During this process, we have been required to liaise with interested parties, act as a conduit between all parties regarding the provision of information/technical queries and review/comment on offers received. In addition, the GPA contract and Loch Tay network required further consideration. GPA were interested in seeking a novation of their contract and therefore correspondence has been entered into with them in this regard. Whilst it was unclear if the contract had any value, a novation would facilitate the release of monies due to the Company under the contract whilst also avoiding any potential claim for liquidated damages from an early termination. With regards to Loch Tay, the physical assets which comprise this network are owned by the community, not the Company, and therefore we have liaised with the representative of the community where appropriate. Whilst the Goodwill associated to the Loch Tay network is capable of being sold, it will be for the community to consent to any new provider.

A summary of the work undertaken in respect of the realisation of assets is as follows:

Arranging suitable insurance over assets.

Regularly monitoring the suitability and appropriateness of the insurance cover in place.

Corresponding with debtors and attempting to collect outstanding book debts.

Instructing agents to market, value and realise the Company's assets.

Instructing solicitors to assist in the realisation of assets and prepare sale contracts.

Ongoing correspondence with agents and solicitors regarding the above (e.g. in respect of technical and contractual queries from interested parties).

Corresponding with GPA regarding contract.

Corresponding with Loch Tay Broadband regarding proposed sale of network.

Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge.

We instructed agents Lambert Smith Hampton ("LSH") to market the business in order to achieve a sale (or sales) for the best price possible. The work undertaken in this regard is as follows.

1. Brief details of the business were placed on the "businesses for sale" section of the LSH website and circulated to a comprehensive list of potential interested parties.
2. 47 responses were received with 34 NDAs returned. These parties were issued with an Information Memorandum with further detailed supporting information released as requested.
3. Detailed discussions took place and a deadline for best bids of 12 noon on Monday 12th June 2017 was set. 11 bids for various network permutations were received. No single "best" offer was received so we have worked to secure the most favourable elements of two highest value offers received.

- 4 After detailed further negotiations, sales have been agreed with 2 unconnected third parties (subject to contract)
 - The sale of the Forest Holidays network for £65,000
 - The sale of the remaining 4 networks and other assets for £200,000 (less a maximum £25,000 deduction in lieu of any potential claims under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") (which are not expected)).
- 5 Proof of funding was secured for both parties, with checks made as to the extent of the due diligence required
- 6 Ongoing discussions/negotiations with the proposed purchasers with regards to technical queries and terms of sale.

LSH have valued the Company's assets and, whilst the assets have not yet been formally sold, as stated above agreements in principle have now been reached for the sales of the following:

Asset category	Valuation basis & amount (£)	
	In situ	Ex situ (Break up)
<u>Fixed charge</u>		
Goodwill (see note below)	} 260,500	Nil
<u>Floating charge</u>		
Plant & Equipment (Networks)		17,000
Office Furniture & Equipment	2,000	500
Motor Vehicles	3,927	2,227
Stock	10,000	2,000
Total		

The in situ valuations of the Networks include any applicable Goodwill. Any realisations in respect of Goodwill will be caught under the fixed charge held by Catalyst and payable to them. As previously stated, agreements have been reached with interested parties subject to contract, however, the apportionments of the sale consideration to asset categories is yet to be agreed. Accordingly, it is possible that some categories of asset are sold for below or above the valuation obtained from LSH. Notwithstanding this, the agreements reached were the best available in the circumstances and represent the best outcome for creditors. An estimate of the anticipated realisable figure for Goodwill is included in the attached estimated outcome statement and is based on 70% of the agreed sale price for the four networks. The sale of the Forest Holidays network is not anticipated to include any element of Goodwill.

Creditors

The following work has been undertaken since appointment in respect of the above:

- Obtaining information from Company records about employee claims
- Completing documentation for submission to the Redundancy Payments Office
- Corresponding with employees regarding their claims.
- Liaising with the Redundancy Payments Office regarding employee claims
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system
- Reviewing proofs of debt received from creditors

Investigations

The following work has been undertaken since appointment in respect of the above:

Obtaining information from relevant third parties, such as the bank, accountants, directors, etc
Reviewing bank statements to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors

I had to undertake this work either as part of my routine administrative functions, or in order to (a) trade the business, (b) protect and realise the assets of the Company, and (c) investigate the affairs of the Company and conduct of the directors.

In addition, I have undertaken routine statutory and compliance work, such as the following.

Administration.

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.

Setting up electronic case files.

Setting up the case on the practice's electronic case management system and entering data

Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment

Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate)

Preparing, reviewing and issuing proposals to the creditors and members.

Filing the proposals at Companies House.

Dealing with all routine correspondence and emails relating to the case

Opening, maintaining and managing the office holder's estate bank account.

Creating, maintaining and managing the office holder's cashbook

Undertaking reconciliations of the bank account containing estate funds.

These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out

5. FINANCIAL POSITION OF THE COMPANY

I have asked the directors to prepare a summary of the Company's estimated financial position as at 23rd May 2017, which is known as a Statement of Affairs, but they have not yet prepared it. The reason for the delay is that all have been assisting with the ongoing trading of the business.

In the absence of a Statement of Affairs I have prepared an estimate of the financial position of the Company as at 23rd May 2017 from the records of the Company, together with, for illustrative purposes, *the estimated position had the Company entered liquidation and ceased to trade.* I attach a copy of the estimate at Appendix 1, together with a list of names and addresses of all known creditors and the amounts of their debts (other than in respect of employees and consumer creditors for payments made in advance, since I am not permitted by the insolvency legislation to disclose such information). Please note that the Book Values included are based on the latest available information from the Company

Comments on the Administrators' estimate of the financial position of the Company

5.1. Goodwill

Whilst the sale contracts and asset apportionments are yet to be agreed, the Company's Goodwill is anticipated to be sold for circa £140,000. Realisations in this regard will fall under the fixed charge held by Catalyst and payable to them. It is anticipated that realisations in respect of Goodwill will discharge the liability owed to Catalyst in full

5.2. Tangible Assets (Networks)

As above, sale contracts and asset apportionments are yet to be agreed, however, the physical assets pertaining to the five remaining networks are expected to realise £122,500

5.3. Stock

As previously stated, the Company is in possession of a small amount of stock which has not already been sold on eBay. This is expected to be included within the sale of the 4 remaining networks for a nominal value. *If not included in the sale, our agents have advised that the costs of collecting and disposing of this stock would be prohibitive.* Accordingly, the realisable value included in the estimated outcome statement is based on the break up valuation.

5.4. Office Furniture & Equipment

Mostly old furniture with negligible value. Again, due to the age/condition, the break up value has been used for the purposes of the comparative estimated outcome statement.

5.5. Book debts

As previously reported, the payment received from GPA in respect of the contract was technically a book debt (as the invoice was raised prior to Administration), however, the recovery of this debt was negotiated and reduced following my appointment and has been used to fund the trading period. Accordingly, whilst the book value incorporates the full outstanding invoice as at the date of Administration, it is not reflected in the estimated to realise figure as it was treated as a trading receipt and is detailed on the trading receipts and payments account (and incorporated into the trading loss on the outcome statement).

In addition, the book value of debtors also includes the sum due from the purchaser of the Lincoln network (which is being discharged via deferred payments). Of this sum, a payment of £19,895.08 has been received for the May instalment although the June instalment has not been received. The June payment has been retained due to alleged breaches of contract by the Company. I have been in discussions with the debtor and my solicitors in respect of the outstanding payment and payments going forward (due to the contractual nature of the debt).

The Company's remaining debts primarily constitute unpaid customer invoices raised prior to Administration. Payments totalling £769.98 have been received to date from customers in respect of pre Administration invoices. However, due to severe service outages prior to Administration it is unclear if any further recoveries are going to be made.

Accordingly, the realisable value given to book debts has been included as £160,000, being the amount due from the purchaser of the Lincoln network (as at Administration), although as previously stated, due to the contractual nature of this debt it may not be realisable in full and a settlement may need to be reached in order to release the Company from any further obligations/costs associated with the sale.

5.6. Motor Vehicles

There are two owned vans with significant mechanical issues and are both on SORNs. There is a further van on finance which is considered to have some equity, being close to the end of the agreement.

There are two further financed vehicles, a Tesla electric car and an Izuzu pickup, neither of which are likely to have any equity.

5.7. Corporation Tax

Realisation of the Company's Goodwill is expected to constitute a capital gain and be subject to Corporation Tax. The Corporation Tax payable may be subject to reduction in respect of the trading loss.



anticipated to be suffered, however, for the purposes of the Estimated Outcome Statement the worst case scenario amount of £27,000 has been included

5.8. Preferential creditors

The only known preferential creditors are former employees of the Company for unpaid wages and holiday pay. Their claims are subject to a maximum limit set by the insolvency legislation.

5.9. Prescribed part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15th September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property,

up to a maximum of £600,000

The Company gave a fixed and floating charge to Catalyst on 21st July 2016. The money due to Catalyst is expected to be fully repaid from the fixed charge they hold over Goodwill. As a result, I will not have to pay them any money under their floating charge, and the prescribed part provisions will not apply.

6. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 23rd May 2017, to the date of these proposals, at Appendix 2.

7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company I propose to continue to trade the business until the proposed sales have been completed. Ongoing trading up to completion is required as any cessation will result in an immediate disconnection of supply to customers which will dissipate the value of the Goodwill being sold. It would also result in claims from customers for prepayments for service which is no longer supplied. The proposed sales are expected to be completed imminently and therefore future trade is expected to be minimal.

Once the sales/trading period have been completed, I will deal with post-sale formalities (including monitoring and collecting any deferred consideration) and reconcile the final trading position by dealing with any outstanding receipts and payments.

The following work will also be undertaken:

Asset realisations

The Company's debtor position will be reconciled from the Company's records and any outstanding debtors will be written to requesting payment of the outstanding sum due. Time will therefore be spent corresponding with debtors, dealing with any disputes, agreeing settlements (if necessary) and dealing with payments received.

As previously reported, the Company's principle debtor owes circa £140,000 in respect of the deferred consideration due on the sale of the Lincoln network (after accounting for the payment received post Administration as shown on the attached receipts and payments account). The contract to which this

debt relates does impose some obligations on the Company and I have instructed my solicitors to review the contract in this regard. This will need to be considered carefully and the costs associated with adhering to the Company's obligations under the contract assessed.

Any remaining tangible assets which are not included within the sale will be disposed of by our appointed agents.

Finally, we will pursue any other assets that come to light as a result of our investigations into the affairs of the Company.

Investigations

The Joint Administrators will investigate the Company to establish whether there are any potential asset recoveries or conduct matters that require further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. In addition, any matters brought to our attention will be considered and investigated as necessary.

Any additional recoveries made as a result of these investigations may facilitate an increased return to preferential creditors and, if realisations are sufficient, a distribution to unsecured creditors. At this stage, however, I am not aware of any potential asset recoveries that require investigation.

Within three months of our appointment, we are required to submit a confidential report to the Secretary of State to include any matters which have come to our attention during the course of our work, which may indicate that the conduct of any past or present director would make him/her unfit to be concerned with the management of the Company. This report will be prepared and submitted in due course.

Distributions

The company's financial position means there are expected to be sufficient assets to pay a dividend to secured and preferential creditors. Accordingly, the validity of the charge held by Catalyst will need to be checked. In addition, I will need to liaise with the RPO regarding their claim in the Administration (in respect of payments made by them to employees) and also adjudicate preferential claims generally.

General

In addition, we will do all such things and generally exercise all powers as administrators as we, at our discretion, consider desirable or expedient in order to achieve the purpose of the Administration.

The Company's financial position means there are insufficient assets to enable me to pay any dividend at all to non-preferential unsecured creditors.

8. ADMINISTRATORS' REMUNERATION AND EXPENSES

I attach at Appendix 3 a copy of my practice fee recovery policy. In this case I am seeking to fix the basis of my remuneration on more than one basis as detailed below:

Fixed fee basis

There are certain tasks that I have to carry out on nearly every case, namely Administration and Creditors (Employees & Claims). Although they are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not produce any direct benefit for creditors, but still have to be carried out.

Administration. This represents the work that is involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder (and their managers). It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

Creditors

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the RPO. That work will include dealing with queries received from both the ex-employees and the RPO to facilitate the processing of the claims. The office holder is required to undertake this work as part of his statutory functions.

Claims of creditors - the office holder needs maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

After taking into account the nature and value of the assets involved and that this is a complex case, as highlighted above, I have concluded that a fixed fee of £35,000 is necessary to cover that work. I have also compared the proposed fixed fee with our past time records for undertaking the work in respect of cases of a similar size and complexity and taken that into account when determining the level of the fixed fee sought, and as a result I believe that this demonstrates why the fixed fee is expected to produce a fair and reasonable reflection of the work that I anticipate will be necessarily and properly undertaken. Full information about the work that I will undertake for the fixed fee is contained in Appendix 4.

Percentage basis

There are certain tasks that I only have to carry out where there are assets to recover. They may produce a direct benefit for creditors, but are subject to the costs of the proceedings generally. I undertake the work to protect and then realise the assets, initially at my own cost, suffering the loss if any asset is not realisable. If assets are recovered, I first recover my costs and then distribute any balance. I am seeking to recover a percentage of the assets that I realise in order to remunerate me for the work that I undertake in respect of realising them. The percentage I propose to charge will also share the anticipated benefit with the creditors. I am seeking to recover the following percentages:

Nature of asset	Percentage being sought (%)
Goodwill	10%
Tangible Assets (Networks)	10%
Tangible Assets (Motor Vehicles)	10%
Stock	10%
Office Furniture & Equipment	10%
Book Debts	15%

I think the percentages I am seeking approval for reflect the work undertaken to date, the anticipated work/risk that I am taking, the nature of the assets involved, and the complexity of the Administration, as highlighted above. I have also compared the proposed percentage for which approval is being sought with the standard book debt agent recovery percentages (usually a minimum of 25%) in respect of book debts and the Official Receiver's percentage charged for realising assets (being 15%) and taken these into account when determining the percentage being sought. As a result, I believe that this demonstrates why the percentages proposed are expected to produce a fair and reasonable reflection of the work that I anticipate will be necessarily and properly undertaken.

Whilst I am required to maintain records of creditors' claims in all cases, in those cases where sufficient realisations are made to enable me to pay a dividend to creditors, I have to undertake certain statutory formalities. This include writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors. I am seeking to recover 10% of any distributions made to preferential creditors, to reflect the additional work required.

I think the percentage I am seeking approval for reflects the number of creditors involved and the complexity of the Administration as highlighted above. I have also compared the proposed percentage for which approval is being sought with the statutory scale for such work and taken that into account when determining the percentage being sought. I believe that this demonstrates why the percentage proposed is expected to produce a fair and reasonable reflection of the work that I anticipate will be necessarily and properly undertaken.

Full information about the work that I will undertake as a percentage of realisations and distributions is contained in Appendix 4

Time costs

Some work cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis. For these tasks, I propose to seek approval on a time cost basis, i.e. by reference to time properly spent by me and members of staff of the practice at our standard charge out rates. When I seek approval for my fees on a time cost basis I have to provide a fees estimate. That estimate acts as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees. I attach a "Fees estimate summary" at Appendix 5 that sets out the work that I intend to undertake, the hourly rates I intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate.

As indicated in the fees estimate the following areas of work will be charged on a time cost basis: investigations and trading. The following explains about the areas of work for which I am seeking approval on a time cost basis, whilst full information about the work that I will undertake on a time cost basis is contained in Appendix 4

Investigations The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.

Trading The office holder decided to trade the business of the Company in order to achieve sales of the business and assets, which it is anticipated will be for a substantially greater amount than a disposal of assets on a break up basis in order to maximise the recoveries on behalf of creditors. The particular tasks scheduled in this category of work are required to be undertaken in order to enable the office holder to monitor and control the trading of the business, and include statutory functions that are required to be undertaken when running any business.

More details of the tasks included in these categories are included in the fees estimate. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £51,462.50 at a "blended" rate of £291.57 per hour.

This estimate has been provided to creditors at a relatively early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of

the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To date a total of 116.10 hours have been spent working on the above tasks in the Administration, and total time costs to date are £36,212 charged at an average charge out rate of £311.90. Details of the time units used and current charge-out rates are provided in our practice fee recovery sheet, a copy of which is enclosed at Appendix 3. I attach, in respect of the areas of work where I am seeking to charge fees on a time cost basis, an analysis of time costs incurred to date by reference to grade of staff and work done at Appendix 6.

I am not seeking a decision from the creditors on whether or not to approve these proposals as the Company's financial position means there are insufficient assets to pay a dividend to non-preferential unsecured creditors.

As a result, it will be for the chargeholder (and preferential creditors) to approve my remuneration.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://www.turpinbainsolvency.co.uk/other-services-information/links>. There are different versions of these Guidance Notes, and in this case please refer to the October 2015 version. Please note that we have also provided further details in the practice fee recovery sheet which can also be found at <http://www.turpinbainsolvency.co.uk/other-services-information/links>.

I have incurred total expenses of £9,690 since my appointment as Administrator. I have not been able to draw any expenses in this matter.

A breakdown of the expenses incurred since my appointment as Administrator is as follows.

Type of expense	Amount incurred/accrued since appointment	Amount still to be paid
Specific Bond	£720.00	£720.00
Statutory Advertising	£74.50	£74.50
Legal Fees	£8,895.50	£8,895.50

I have used the following agents or professional advisors since my appointment as Administrator:

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Basis of Fees</u>
Lambert Smith Hampton	Valuer/Auctioneer	Percentage of realisations
Charles Russell Speechlys LLP	Solicitors	Time costs + Disbursements

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money.

The following work was undertaken by the above:

Lambert Smith Hampton

We instructed agents Lambert Smith Hampton ("LSH") to market the business in order to achieve a sale (or sales) for the best price possible. LSH were chosen due to their knowledge and expertise in the industry. I have set out below (and previously) a brief description of what has been undertaken:

1. Brief details of the business were placed on the "businesses for sale" section of the LSH website and circulated to a comprehensive list of potential interested parties.
2. 47 responses were received with 34 NDAs returned. These parties were issued with an Information Memorandum with further detailed supporting information released as requested.
3. Detailed discussions took place and a deadline for best bids of 12 noon on Monday 12th June 2017 was set. 11 bids for various network permutations were received. No single "best" offer was received so we have worked to secure the most favourable elements of two highest value offers received.
4. After detailed further negotiations, sales were agreed with 2 unconnected third parties (subject to contract).
 - The sale of the Forest Holidays network for £65,000
 - The sale of the remaining 4 networks and other assets for £200,000 (less a maximum £25,000 deduction in lieu of any potential claims under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") (which are not expected)).
5. Proof of funding was secured for both parties, with checks made as to the extent of the due diligence required.
6. Ongoing discussions/negotiations with the proposed purchasers with regards to technical queries and terms of sale.

Charles Russell Speechlys LLP

Charles Russell Speechlys LLP ("CRS") have been engaged to draft the sale agreements (and associated documentation) for the proposed sales detailed previously. Time has been spent liaising with the purchasers' solicitors and dealing with queries/amendments to the terms of the sale agreements. In addition, CRS have provided advice on employee related matters.

The work undertaken by both LSH and CRS is expected to facilitate sales of the business and assets to third parties which will maximise realisations for creditors and reduce the likelihood of increased claims from creditors for breach of contract and failure to honour service commitments to customers who pay for their services monthly in advance. Had this work not been undertaken, the Company would have ceased to trade which would have resulted in no return to creditors and exposed the Company to additional claims mentioned above. The foregoing work was therefore necessary to achieve objective (b) and provide a better return for creditors than if the Company had been wound up (without first being in Administration).

In addition to the expenses already incurred, I anticipate that the following expenses totalling £36,377.50 will arise in these proceedings:

<u>Type</u>	<u>Anticipated expenses</u>	<u>Comments</u>
Statutory advertising	£74.50	Advertising notice of intended dividend (if applicable)



Insurance costs	£2,500 (estimate)	Insurance for ongoing trade until sales of assets completed and trading ceased
Agent's fees	£26,803	Agents have been engaged to market, value and sell the Company's assets Calculated as 10% of expected recoveries from the sale of the business and assets
Legal fees	£6,000 (estimate)	Finalising sale contracts and dealing with enquiries/queries in this regard. Dealing with post sale formalities

Expenses do not have to be approved, but when reporting to the committee and creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (e.g. where legal costs rise due to escalated recovery action)

9. PRE-ADMINISTRATION COSTS

The Board of Directors verbally instructed me to assist them in placing the Company in Administration on 10th May 2017 (although my firm's formal engagement letter was not signed until 17th May 2017). They agreed that I should be paid my pre-administration costs on a time cost basis estimated at £20,000. I attach at Appendix 6 a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm.

The following agents/professional advisors were utilised in the pre-administration period

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Basis of Fees</u>
Lambert Smith Hampton	Valuer/Auctioneer	Percentage of realisations
Charles Russell Speechlys LLP	Solicitors	Time costs + Disbursements
smfbiz	Virtual FD	Work done on a combination of fixed fee, day rate and expenses

Legal fees

CRS were instructed to prepare the relevant documentation in order to place the company into Administration and appoint James Patchett and myself as Joint Administrators.

CRS is a law firm headquartered in London with offices in the UK, Europe and the Middle East. The CRS Corporate Recovery & Insolvency team is ranked in Chambers and Partners and Legal 500 for both London and the South. CRS were instructed as they have the requisite knowledge and experience in dealing with such matters.

Agent's fees

LSH were initially engaged to value the business and assets to assess possibility of pre-pack sale and strategy in this regard. Once it was apparent a pre-pack sale was not possible and the Company needed to be placed into Administration right away, they were consulted on the proposed trading and marketing/sale strategy.

LSH provides specialist advice to corporate recovery professionals and banks regarding insolvent companies. LSH have a clear understanding of the complexities of insolvency procedures and offer a complete business sales and marketing service.

Virtual FD

The following work was undertaken by the Virtual FD in the pre-administration period

- Preparation of the management accounts to 30Apr17 and updated forecast Financial reporting to Zoe Laird of CBS, 1 day This is needed to be able to clearly state the outstanding contract value and remaining profitability available to re-sell
- Meetings with the Company and Turpin Barker Armstrong
- GPA project re-modelling
- Revision of Company's forecast data
- Preparing reports.

This work was necessary for the company to be able to report its correct financial position and is the basis for all the reports to be prepared by the Company

Turpin Barker Armstrong

A description of the key work undertaken by my firm in the pre-administration period, and the reason for it being carried out pre appointment, is as follows

Work undertaken	Reason carried out pre appointment
Numerous calls with the directors	To understand the business and the financial issues it was facing To discuss the options available and explain the relevant insolvency processes To deal with general queries
Meeting with directors and virtual FD at Company's premises in Lincoln	As above and to obtain further pertinent information about the financial position of the Company
Reviewing financial documentation provided by the directors.	To understand the business and the financial issues it was facing
Liaising with agents regarding instruction and strategy.	To initially assess possibility of pre-pack sale and strategy in this regard Latterly to discuss proposed trading and marketing strategy
Correspondence with solicitors	To assist with placing the Company into Administration.
Corresponding with, and preparing a strategy report for. Catalyst	To appraise Catalyst of the position and seek their consent to waive their required statutory notice in order to place the Company into Administration without delay once it was identified that further disconnection of supply was possible. This would have resulted in irreparable damage to the business and meant the statutory objective of the Administration could not be achieved
Review and execution of Administration documentation (where necessary).	To assist with placing the Company into Administration
Compliance generally with Code of Ethics, Money Laundering and Insolvency Legislation/Regulations	Adhering to statutory obligations.

The above work undertaken by my firm and my appointed agents/solicitors principally enabled the Company to be placed into Administration without delay once it was established that suppliers were intending to disconnect supply. This ensured that service could be maintained to customers (where possible) and preserve the value of the business and assets This was considered appropriate in order to seek a sale of the business and assets following Administration which would result in the best outcome for creditors Although a dividend to unsecured creditors was speculative, their position has not been affected when compared to the outcome for this class of creditor had the Company ceased to trade and been placed into Liquidation (as demonstrated by the attached estimated outcome statement).

Some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

The following statement sets out my pre-administration costs incurred The statement also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds

<u>Description</u>	<u>Total</u> £	<u>Paid pre-appointment</u> £	<u>To be paid</u> £
Joint Administrators' remuneration	36,161 50	Nil	36,161 50
Legal fees	2,696 00	Nil	2,696 00
Agent's fees*	Nil	Nil	Nil
Virtual FD	3,459 40	Nil	3,459 40
Total	42,316.90	Nil	42,316.90

**LSH are to be paid on a percentage of realisations basis and therefore no costs were incurred in this regard pre appointment (although they were initially engaged in the pre appointment period)*

As I have already indicated, I am not seeking a decision from the creditors approving my proposals. As a result, it will be for the chargeholder (and preferential creditors) to approve the pre-administration costs.

10. ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

11. EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading address is in the United Kingdom.

12. ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, James E Patchett and I formally propose to creditors that:

(a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:

(i) Continue to trade the business until the sales of the networks have completed;

(ii) Collect the Company's outstanding book debts;

(iii) sell the Company's assets at such time(s) on such terms as we consider appropriate;

(iv) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and

(v) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect

and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals

(b) The Administration of the Company is likely to end by filing 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.

(c) If the Administration is not ended via dissolution above, the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company

(d) Failing the above, the Administration of the Company will end by making an application to Court for an order that the Administration ceases

13. APPROVAL OF 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. As a result, I am prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals

However, a creditor, or creditors, whose debts amount to at least 10% of the total debts of the Company can require me 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 me within 8 business days from the date these proposals are delivered to the creditors. If creditors do not require me hold a decision procedure within that time period, then these proposals will be deemed to have been approved

Creditors should note that I need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that I request from them to meet the expenses of the requisitioned decision procedure

14. FURTHER INFORMATION

To comply with the Provision of Services Regulations, some general information about Turpin Barker Armstrong, including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.turpinbainsolvency.co.uk/other-services-information/links>

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Ryan Russell on 020 8661 7878, or by email at ryan.russell@turpinba.co.uk



Martin C Armstrong FCCA FABRP FIPA MBA FNARA
Joint Administrator

The Joint Administrators are agents of the Company and act without personal liability

APPENDIX 1
COMPARATIVE ESTIMATED OUTCOME STATEMENT
&
LIST OF CREDITORS

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

AB Internet Limited

Estimated Outcome Statement as at 23rd May 2017

	Notes	Book Value	ADM Estimated to Realise £	CVL Estimated to Realise £
Assets Specifically Pledged				
Goodwill		Nil	140,000	0
			140,000	0
Less fixed charge liabilities				
Catalyst Business Finance Limited			132,831	132,831
			(132,831)	(132,831)
Estimated surplus/(shortfall) as regards fixed charge carried forward			7,169	(132,831)
Assets Not Specifically Pledged				
Tangible Assets (Networks)		211,500	122,500	17,000
Stock		Nil	2,000	2,000
Office Furniture & Equipment		Nil	500	500
Book Debts	1	309,026	160,000	0
Cash in hand			0	0
Tangible Assets (Motor Vehicles)		38,669	3,927	2,227
Surplus carried down from Fixed Charge			7,169	0
			296,096	21,727
Less Estimated Costs				
Pre Appointment Costs/Expenses			42,317	10,000
Post Appointment Costs/Expenses			143,918	50,000
Trading loss	2		80,932	0
Corporation Tax on Chargeable Gain (Goodwill)	3		28,000	0
Sundry costs & disbursements			3,295	500
			(298,462)	(60,500)
Total Funds available to Preferential Creditors			4,803	(171,604)
Less Preferential Creditors				
Employees Accrued Holiday			1,643	1,643
Employees Arrears of Wages	3		3,750	10,146
			(5,393)	(11,789)
Total Funds available to Floating Charge Holders			(590)	(183,393)
Prescribed part calculation				
50% of first £10,000			N/A	N/A
20% of remaining			N/A	N/A
Carried forward for the benefit of Unsecured creditors			0	0
Net funds available to Floating Charge Creditors			(590)	(183,393)
Less floating charge liability				
N/A			0	(132,831)
			(590)	(316,224)
Shortfall to floating charge creditors			0	(132,831)
N/A				
Funds available to unsecured Creditors			(590)	(316,224)
Prescribed Part carried forward			0	0
Shortfall to unsecured creditors			(590)	(316,224)
Unsecured Creditors				
Trade & expense creditors			412,505	412,505
Directors			142,559	142,559
Barclays Bank			18,908	18,908
HM Revenue & Customs			70,178	70,178
Consumer creditors	4		Uncertain	Uncertain
Employee wage arrears (balance)			320	7,264
Other Employee Claims	5		Uncertain	Uncertain
			(644,470)	(651,414)
Estimated dividend to secured creditors (p in the £)			100.00	0.00
Estimated dividend to preferential creditors (p in the £)			89.07	0.00
Estimated dividend to unsecured creditors (p in the £)			0.00	0.00

Notes

- Debtor recovers in liquidation speculative due to cessation of trade and breach of contracts
- Inclusive of trading time costs - estimated at £35,300
- Calculated as 20% of gain in respect of Goodwill. Worst case estimate. May be subject to reduction
- Wage arrears includes pre appointment wages for May which would not have been paid if the Company entered CVL
- Some claims have been received from customers in respect of the non supply of service and pre-paid installations which were not fulfilled. The total amount owing to this class of creditor is currently unknown although it would be expected to be substantially more in a liquidation scenario due to the disconnection of all supply
- Claims in respect of redundancy pay and notice pay not yet quantified

Turpin Barker Armstrong
AB Internet Limited
Company Creditors

Key	Name	Address	£
CT03	(Nigel Turner) Trig & View Point Graig Farm	Graig Farm, Cross Ash, Abergavenny, Monmouthshire, NP7 8NA	1,400 00
C100	1st Objective	Capcorn House, 17 Station Rise, Marlow, SL7 1EJ	2,675 40
CA01	Actons Solicitors	20 Regent Street, Nottingham, NG1 5BQ	10,740 00
CA05	Aerials and Cable Equipment Ltd	345 High Street, Cheltenham, GL50 3HS	439 96
CA06	Anglian Water SR Office	Anglian Water Business, PO Box 259, Rotherham, S98 1QU	109 44
CA04	APH Cranes	Martin House, Exchange Road, Lincoln LN6 3JZ	534 99
CA03	Archaeology Wales Ltd	Rhos Helyg, Cwm Belan, Llanidloes, SY18 6QF	714 00
CA02	Arqiva	Management Dep, Crawley Court, SO21 2AQ	7,344 72
CA00	Avanti	Cobham House, 20 Black Friars Lane, London, EC4V 6EB	18,502 87
CB0A	Barclaycard	C/o Wescot Credit Services, Kyleshill House, Glencaim Street, Saltcoats, KA21 5JT	22,772 20
CB07	Barclays Bank Plc	Leicester, LE87 2BB	18,909 61
CB08	BE Networks nv	Antwerpsesteenweg 279, B-2800 Mechelen, Belgium	3,852 47
CB04	Benmore Estate Ltd	Estate Office, Heydour Farm, Heydour, NG32 3NG	2,400 00
CB05	Biffa	Coronation Road, Cressex, High Wycombe, HP12 3TZ	69 31
CB00	Bogons	21 Higher Drive, Purley, CR8 2HQ	65,000 00
CB01	BT Internet	81 Newgate Street, London, EC1A 7AJ	32,044 92
CB02	BT Openreach	1st Floor PP F1, Crawley New TEC, Fleming Way, Crawley, RH10 9SN	7,012 73
CB03	Burges Salmon	One Glass Warf, Bristol, BS2 0ZX	2,403 00
CC01	Caerlicyn Farm Newport	Great Caerlicyn Farm, Langstone, Newport, NP18 2JZ	3,210 00
CC00	Catalyst Business Finance	Palace Chambers, 41 London Road, Stroud, Gloucestershire, GL5 2AJ	132,830 62
		Security Given, Fixed & Floating Charge, Date Given: 21/07/2016; Amount 0	
CC03	Cogent	2 Temple Back East, Temple Quay, Bristol, BS1 6EG	715 72
CC02	Console/Allegro/IXreach	Southgate 2, 321 Wilmslow Road, Heald Green, SK8 3PW	2,088 00
CR06	Deborah Rizan Stott	54 Waterloo Lane, Skellingthorpe, Lincoln, LN6 5SL	82,751 96
CD02	Dee Communications	Dutton Green, Stanney Mill, Chester, CH2 4SA	563 70
CD01	Donaghy-Inglis	The Byre, Hall Farm Main Street, Carlton Scroop, Grantham, NG32 3AU	3,631 99
CE02	Eagle Plant Hire	25 Gateside Street, Off Duke Street, Dennistoun, G31 1PD	431 88
CE01	Electric Center	Divisional Credit Office, Arburg House, Tachbrook Park Drive, Warwick, CV34 6RH	2,238 00
CE00	Equinix/Telecty Group UK Ltd	353 Buckingham Ave, Slough, SL14PF	3,446 72
CC06	F P S (UK) LTD	46 BRAMLEY ROAD, LONDON, N14 4HR	2,250 00

Turpin Barker Armstrong
AB Internet Limited
Company Creditors

Key	Name	Address	£
CF02	Fford Las	Llanfwrrog, Ruthin, LL15 2AN	1 000 00
CF00	Fibrespeed	Harmsworth House, 13-15 Bouverie Street, London EC4Y 8DP	32 028 88
CF01	Fox Electrical Supplies Ltd	Newport Business Park, Cardinal Close, Bishops Road, Lincoln, LN2 4SY	1 093 32
CG02	GCI Network Solutions Ltd	Global House, 2 Crofton Close, Lincoln, LN3 4NT	9 56
CG01	Grax	Grax House, 18 Northern Court, Basford, NG6 0BJ	381 44
CG00	Grays Dartford	153 Palmerston Road, Grays, Thurrock, RM20 4YL	385 44
CH00	HM Revenue & Customs	Enforcement & Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	70,178 05
CI00	INCA	C/o McKellens, 11 Riverview, The Embankment Bus Park, Vale Road, Stockport, SK4 3GN	1,200 00
CJ00	Joe Black Building	Unit 11, Crannog Lane, Oban, PA34 4HB	7,920 00
CJ01	John Moore Security	Glencoe House, 559 Anlaby Road, Hull, HU3 6HP	592 16
CK00	Kcom	37 Carr Lane, Hull, HU1 3RE	2,664 99
CK01	KR Aerials & Security Ltd	Pant Glas, Holyhead, LL6 54LA	190 00
CL00	Linx	London Internet Exchange, Trinity Court, Trinity Street, Peterborough, PE11DA	720 00
CL02	List Logic	Norton House, 34 New Street, Chipping Norton, OX7 5LJ	84 00
CL01	Lower Ty-Free Farm	Langwn, NP15 1HD	500 00
CM08	Managed Estates	1 Springkerse Road, Strirling, FK7 7SN	769 42
CM01	Marlec Engineering Co Ltd	Rutland House, Trevthick Road, Corby, NN17 5XY	11,058 89
CM02	Martin Boyle Contracting	Ardnamara Croft, Knockkrome, Isle of Jura, PA60 7XZ	10,552 40
CM04	MCC	PO Box 106, Caldicot, NP26 9AN	7,950 00
CM05	Mission Communications	80 North Street, Kettlebridge, Cupar, KY15 7QJ	7,697 80
CM07	MLM Cartwright	Hodge House, 114-116 St Mary St, Cardiff, CF10 1DY	900 00
CM06	Money Penny	Western Gateway, Wrexham, LL13 7ZB	3,055 81
CM09	Monmouthshire County Council	PO Box, 106 Caldicot, NP26 9AN	9 150 00
CM03	MS Distribution	Unit G171, Cherwell Business Village, Southam Road, Banbury, OX16 2SP	8,627 81
CM00	Mull and Iona Community Trust	An Roth Community Enterprise Centre, Craignure, Isle of Mull, PA65 6AY	5,138 65
CN00	Neil McGougan	Unit 1, Sinclair Drive, Oban, PA34 4DR	3 840 00
CT00	Neil Tucker	2 Blands Close, Burghfield Common, Reading, RG7 3JY	59 807 46
CP02	Pedro Romero/Tecnativa	Calle Canarias, 28 6B, Madrid, 28045	265 00

Turpin Barker Armstrong
AB Internet Limited
Company Creditors

Key	Name	Address	£
CP03	Plusnet	The Balance, 2 Pinfold Street, Sheffield, S1 2GU	14 40
CP00	Portishead	The Retreat, Friary Road, Portishead, BS20 6LW	500 00
CQ00	Quickline Communications Limited	Riverbank, Little Keik, Driffield, YO25 8HG	3 178 02
CR01	Radio Structures (TRS)	11A Gate Lodge Close, Round Spinney Ind Est, Northampton, NN3 8RJ	20,714 28
CR02	Radiosite	2 River Court, Albert Drive, Woking, GU21 5RP	3,302 62
CR04	Rapier Systems	Suite 16, Davey House, 31a St Neots Road, St Neots, PE197BA	1,274 73
CR05	Ripe NCC	Stationsplein, 111012 AB, Amsterdam, Netherlands	200 00
CR03	Russell Payne	1 Riseholme Road, Lincoln, LN1 3NS	1 322 46
CS04	Selkirk (C Holdsworth)	2 Selkirk Close, Middlesbrough, TS4 3JH	848 10
CS02	Shere Consulting	Unit 2 River Court, Albert Drive, Woking, GU21 5RP	1,200 00
CS05	Skyhook	Craignure, Isle of Mull, Argyll, PE65 6AY	800 00
CS00	smlbiz Limited	1 Fisher Lane, Bingham, NG13 8BQ	11 421 40
CS03	St John's Church Llandenny	39 Cathedral Road, Cardiff, CF11 9XF	905 18
CS01	Stirling Council	Teith House, Kerse Road, Stirling, FK7 7QA	5,218 32
CT06	T B Marshall	Stronchullin Farm, Blairmore, Dunoon, PA238TP	10,206 00
CT01	TalkTalk	PO Box 136, Birchwood, Warrington, WA3 7WU	29,685 27
CT04	Troops	Lincoln Road, Leadenham, LN5 0PQ	862 73
CT02	Turcan Connell	1 Earl Grey Street, Edinburgh, EH3 9EE	1,596 00
CU00	Ubeity Wealth Management Ltd	The Clocktower, Park Road, Bestwood Village, Nottingham, NG6 8TQ	1,575 00
CU02	United Lincolnshire Hospitals	Greetwell Road, Lincoln, LN2 5QY	154 68
CV00	Virgin Freephone	PO Box 4459, Worthing, BN13 1XP	265 54
CW02	West Highland Gas Ltd	Pennygown Quarry Salen, Isle of Mull, PA72 6JN	390 12
CW01	Whisby Road Garage	Unit B 9 Paving Way, Whisby Road, Lincoln, LN63QW	607 71
CY00	Yesss	Yesss House, Foxbridge Way, Normanton Industrial Estate, Wakefield, WF6 1TN	90 62
81 Entries Totalling			775,178.47

APPENDIX 2
RECEIPTS AND PAYMENTS ACCOUNT

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

**AB Internet Limited
(In Administration)
Joint Administrators' Trading Account
To 11/07/2017**

S of A £	£	£
POST APPOINTMENT SALES		
Customer receipts	7,638.58	
GPA Contract Payments	67,451.23	
	-----	75,089.81
TRADING EXPENDITURE		
Wages & Salaries	37,445.90	
Contractors	8,543.75	
PAYE/NIC	13,175.22	
Membership/Network Subscriptions	986.91	
Bank charges	31.00	
Pension Contributions	614.77	
Site rental	497.81	
Rent	2,497.87	
	-----	(63,793.23)
TRADING SURPLUS/(DEFICIT)		11,296.58


AB Internet Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 11/07/2017

S of A £	£	£
ASSET REALISATIONS		
Book Debts	20,665.06	
Sundry Refunds	62.09	
Gross Bank Interest	4.54	
Trading Surplus/(Deficit)	11,296.58	
	--	32,028.27
		32,028.27
REPRESENTED BY		
Input VAT		595.80
Bank - Current a/c		32,960.21
Output VAT		(1,527.74)
		32,028.27

Note:

It should be noted that all figures stated in the Receipts and Payments Account are detailed net of VAT

The estate bank account is interest bearing



 Martin C Armstrong FCCA FABRP FIPA
 Joint Administrator

APPENDIX 3
FEE RECOVERY POLICY

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

PRACTICE FEE RECOVERY POLICY FOR TURPIN BARKER ARMSTRONG

Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.turpinba.co.uk/services/insolvency/fees.htm>. Alternatively a hard copy may be requested from Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA. Please note that we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Charge-out Rates

Grade of staff	Current charge-out rate per hour, effective from 1 st April 2017 £	Previous charge-out rate per hour, effective from 1 st April 2013 £
Senior Partner	545.00	495.00
Partner	400.00	365.00
Manager	325.00	295.00
Assistant Manager	285.00	260.00
Senior Administrator	265.00	240.00
Administrator	220.00	200.00
Assistant Administrator	90.00	80.00
Junior Administrator	40.00	40.00

These charge-out rates charged are reviewed on 1st April each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories

- Administration and Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and the basis of our post-appointment fees will be determined once we are aware of the full circumstances of the case and will be subject to approval.

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate, any additional work undertaken, or proposed to be undertaken, the hourly rates proposed for each part of the work, and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office

holder has carried out their functions, and the value and nature of the property with which the office holder has to deal

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' voluntary liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Agent's Costs

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided

Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors Disbursements are categorised as either Category 1 or Category 2

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Turpin Barker Armstrong, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees

Category 2 expenses are incurred by the firm and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

APPENDIX 4

DETAILS OF WORK TO BE UNDERTAKEN IN THE ADMINISTRATION

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

Details of work to be undertaken in the Administration

A. Work for which the Administrator is seeking to be remunerated on a fixed fee basis:

Administration

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.

Setting up electronic case files.

Setting up the case on the practice's electronic case management system and entering data

Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).

Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).

Preparing, reviewing and issuing proposals to the creditors and members

Filing the proposals at Companies House

Reporting on the outcome of the meeting of creditors to the creditors, Companies House and the Court

Dealing with all routine correspondence and emails relating to the case

Opening, maintaining and managing the office holder's estate bank account

Creating, maintaining and managing the office holder's cashbook

Undertaking regular reconciliations of the bank account containing estate funds

Reviewing the adequacy of the specific penalty bond on a quarterly basis

Undertaking periodic reviews of the progress of the case.

Overseeing and controlling the work done on the case by case administrators

Preparing, reviewing and issuing 6 month progress reports to creditors and members

Filing progress reports at Companies House

Preparing and filing VAT returns.

Preparing and filing Corporation Tax returns

Seeking closure clearance from HMRC and other relevant parties.

Preparing, reviewing and issuing final reports to creditors and members

Filing final reports at Companies House

Creditors

Obtaining information from the case records about employee claims

Completing documentation for submission to the Redundancy Payments Office

Corresponding with employees regarding their claims.

Liaising with the Redundancy Payments Office regarding employee claims.

Dealing with creditor correspondence, emails and telephone conversations regarding their claims

Maintaining up to date creditor information on the case management system

B. Work for which the Administrator is seeking to be remunerated on a percentage basis:

Realisation of assets.

Arranging suitable insurance over assets

Regularly monitoring the suitability and appropriateness of the insurance cover in place

Corresponding with debtors and attempting to collect outstanding book debts

Liaising with the bank regarding the closure of the account

Instructing agents to market, value and realise the Company's assets

Instructing solicitors to assist in the realisation of assets and prepare sale contracts

Ongoing correspondence with agents and solicitors regarding the above (e.g. in respect of technical and contractual queries)

Corresponding with GPA regarding contract

Corresponding with Loch Tay Broadband regarding proposed sale of network

Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge
Dealing with post sale formalities

Creditors

Issuing a notice of intended dividend and placing an appropriate gazette notice
Reviewing proofs of debt received from creditors
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims
Calculating and paying a dividend to preferential creditors, and issuing the notice of declaration of dividend
Paying tax deducted from the dividends paid to employees

C. Work for which the Administrator is seeking to be remunerated on a time basis:

Investigations.

Recovering the books and records for the case.
Listing the books and records recovered
Submitting an online report on the conduct of the directors as required by the Company Directors Disqualification Act
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors

Trading

Obtaining appropriate information about the business
Arranging suitable insurance for the business.
Substantial correspondence with customers regarding service, repairs, site issues and payments on a daily basis
Making non-essential staff redundant
Corresponding with the Company's bankers regarding payments received post-appointment
Liaising with key suppliers and landlords and arranging payments as an expense of Administration
Setting up suitable systems and controls in respect of purchases and sales for the business
Liaising with staff and directors on a daily basis.
Liaising with accountant regarding submission of relevant information in respect of wages and salaries paid
Monitoring and controlling the day to day trading of the business (including site visits/repairs)
Liaising with pension provider
Monitoring and making payments in respect of staff wages, PAYE/NIC and pension contributions

APPENDIX 5
FEE ESTIMATE SUMMARY

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

FEES ESTIMATE SUMMARY

Case name

AB Internet Limited

The office holder is seeking to be remunerated on a time cost basis for the categories of work to be undertaken on the case that are set out below. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work, and the time costs of undertaking such work, which will depend upon the grade or grades of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work. The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole.

The hourly charge out rates that will be used on this case are

	£
Senior Partner	545.00
Partner	400.00
Manager	325.00
Assistant Manager	285.00
Senior Administrator	265.00
Administrator	220.00
Assistant Administrator	90.00
Junior Administrator	40.00

INVESTIGATIONS

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Recovering the books and records for the case	4.00	730.00	
Listing the books and records recovered	8.00	320.00	
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act	14.50	5,485.00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties such as the bank, accountants, solicitors, etc.	24.50	5,740.00	
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	22.00	3,887.50	
Total	73.00	£16,162.50	£221.40

The blended rate for this type of work is lower than that for all categories as more junior members of staff will be utilised for some of the less technical and more clerical aspects of the work required.

TRADING

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Obtaining appropriate information about the business	7.00	2,645.00	
Arranging suitable insurance for the business	3.50	1,137.50	
Substantial correspondence with customers regarding service, repairs, site issues and payments on a daily basis	15.50	5,445.00	
Making non-essential staff redundant	3.00	1,050.00	
Corresponding with the Company's bankers regarding payments received post-appointment	2.00	650.00	
Liaising with key suppliers and landlords and arranging payments as an expense of Administration	13.00	4,965.00	
Setting up suitable systems and controls in respect of purchases and sales for the business	5.50	2,082.50	
Liaising with staff and directors on a daily basis	18.00	6,445.00	
Liaising with accountant regarding submission of relevant information in respect of wages and salaries paid	3.00	975.00	
Monitoring and controlling the day to day trading of the business (including site visits/repairs)	17.00	6,190.00	
Liaising with pension provider	3.00	975.00	
Monitoring and making payments in respect of staff wages, PAYE/NIC and pension contributions	13.00	2,740.00	
Total	103.50	£35,300.00	£341.06

This blended rate is higher than that for all categories of work due to the complex nature of the Company's trading and the requirement for more Managers and Partners to predominantly undertake this work.

GRAND TOTAL FOR ALL CATEGORIES OF WORK	176.50	£51,462.50	£291.57
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APPENDIX 6

TIME COST ANALYSIS (PRE & POST APPOINTMENT)

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

Time Entry - SIP9 Time & Cost Summary

XA0268 - AB Internet Limited
All Pre Appointment Project Codes
To 23/05/2017

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	7.50	6.40	0.00	1.40	15.30	5,774.00	377.39
Case Specific Matters	63.50	0.00	0.00	0.00	63.50	28,372.50	446.81
Creditors	0.00	2.60	0.00	0.00	2.60	845.00	325.00
Investigators	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	3.60	0.00	0.00	3.60	1,170.00	325.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	71.00	12.60	0.00	1.40	85.00	36,161.50	425.43
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

XAO268 - AB Internet Limited
All Post Appointment Project Codes
From 23/05/2017 To 11/07/2017

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Investigations	0 00	1 60	0 00	18 20	19 80	1 248 00	63 00
Training	30 10	59 50	0 00	6 30	96 30	34 964 00	363 00
Total Hours	30 10	61 50	0 00	24 50	116 10	36 212 00	311 90
Total Fees Claimed							0 00
Total Disbursements Claimed							0 00

APPENDIX 7
SUMMARY OF RECENT TRADING PERFORMANCE

Ref. RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

Summary of recent management and filed accounts

	Mgmt Accts 01/04/2016 to 23/05/2017 £	Statutory Accts 01/04/2015 to 31/03/2016 £	Statutory Accts 01/04/2014 to 31/03/2015 £
Turnover	1,071,677	971,964	1,133,253
Cost of Sales	<u>(973,639)</u>	<u>(714,629)</u>	<u>(650,295)</u>
Gross Profit	98,038	257,335	482,958
Gross Profit %	9%	26%	43%
Administrative expenses	<u>(401,128)</u> <u>(303,090)</u>	<u>(483,526)</u> <u>(226,191)</u>	<u>(402,390)</u> <u>80,568</u>
Other operating income	<u>-</u>	<u>353,572</u>	<u>-</u>
Operating Profit/(Loss)	(303,090)	127,381	80,568
Interest receivable	<u>-</u>	<u>-</u>	<u>19</u>
Interest payable	<u>(12,777)</u>	<u>(22,645)</u>	<u>(11,851)</u>
Profit before tax	(315,867)	104,736	68,736
Tax on profit	<u>-</u>	<u>(4,331)</u>	<u>29,634</u>
Profit/(Loss) for the year/period	<u>(315,867)</u>	<u>100,405</u>	<u>98,370</u>

APPENDIX 8
PROOF OF DEBT FORM

Ref RAR/MCA/JEP/XA0268

Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey SM1 4LA

PROOF OF DEBT
under rule 14.4 The Insolvency (England and Wales) Rules 2016

AB Internet Limited - In Administration
In the High Court of Justice Number 3785 of 2017

Date of Administration: 23rd May 2017

1	Name of creditor	
2	Address of creditor	
3	<p>Claim, including VAT, as at date of Administration.</p> <p>Less any payments made after that date in relation to the claim; any deduction for discounts (except a discount for immediate or early settlement) which would have been available but for the insolvency proceedings; and any adjustment as a result of set-off</p> <p>Total claim, including VAT</p>	<p>£</p> <p>£</p> <p>£</p>
4	The amount of any uncapitalised interest that is include in the claim, if any.	£
5	Particulars of how and when the debt was incurred	
6	<p>Please provide details of any documents by which debt can be substantiated</p> <p><i>(Notes - copies need not be supplied unless specifically requested by the office holder)</i></p>	
7	Particulars and value of any security held and the date it was given:	
8	<p>Signature of creditor or authorised person:</p> <p>NAME, IN BLOCK LETTERS</p> <p>Creditor's reference.</p>	
9	<p>Position or relationship with creditor</p> <p><i>(eg, director, accountant, credit controller etc)</i></p>	

Guidance notes re preferential debts:

For claims arising in insolvencies commencing on or after 15 September 2003 the categories of preferential debts under section 386(1) of the Insolvency Act 1986, are as follows

- (a) pension scheme contributions,
- (b) remuneration etc of employees,
- (c) levies on coal and steel production

VAT bad debt relief

The provisions of the Finance Act 1990, came into effect on 26 July 1990, and introduced changes in the way that VAT on bad debts is recovered

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. This system can also be applied to debts for any supplies made between 1 April 1989, and 25 July 1990, and such debts must be claimed gross overleaf. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Revenue & Customs.