

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company
NEXTGENUS UK CIC – IN ADMINISTRATION

Company Number
07030978

In the **HIGH COURT OF JUSTICE CHANCERY DIVISION**
LEEDS DISTRICT REGISTRY

[full name of court]

Court case number
511 of 2012

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

I / We (a) John William Butler of Redman Nichols Butler, Maclaren House, Skerne Road, Drifffield, East Yorkshire, YO25 6PN and Francesca Patrice Devine, DIP Insolvency Practitioners, Suite 2 Stable Court, Hesslewood Country Office Park, Ferriby Road, Hessle, HU13 0HL


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

* Delete as applicable

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

(b) Insert date

(b) 30 May 2012

Signed 
J W Butler
Joint / Administrator(s)

Dated 30 May 2012

Contact Details

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

	Tel
DX Number	DX Exchange

WEDNESDAY



A18 06/06/2012 #175
COMPANIES HOUSE

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

In the High Court of Justice Chancery Division Leeds District Registry

Case No 511 of 2012 & No 512 of 2012

**Nextgenus UK CIC - in administration & Fibrestream Limited- in
administration**

**Report of the joint administrators incorporating a statement of the joint
administrators' proposals pursuant to Paragraph 49 of Schedule B1 of
the Insolvency Act 1986**

I, John William Butler of Redman Nichols Butler, Maclaren House, Skerne Road, Drifffield, and Francesca Patrice Devine of DIP Insolvency Practitioners Suite 2 Stable Court, Hesslewood Country Office Park, Ferriby Road, Hessle, HU13 0HL were appointed joint administrators of Nextgenus UK CIC ("Next") and Fibrestream Limited ("Fibre")("the companies") with effect from 13 April 2012 by Orders of the Court, following petitions by Simon John Davison a creditor of the companies who is also a former director of the companies .

The Joint Administrators act jointly and severally so that all functions may be exercised by either Administrator

Statutory information

The directors and shareholders of Next are as follows -

Director	Appointed/Resigned
Guy Bernard Jarvis	26/9/2009 13/4/2012 (the resignation is deemed invalid)
Simon John Davison	1/5/2010 15/02/2012
Antony Rookes	16/12/2009 5/3/2012
Shareholders	Shares held
Nextgenus Limited	1

Next was incorporated on 26 September 2009 and is a community interest company The company number is 07030978

The directors and shareholders of Fibre are as follows -

Director	Appointed/Resigned
Guy Bernard Jarvis	26/9/2009 13/4/2012 (the resignation is deemed invalid)
Simon John Davison	1/5/2010 15/02/2012
Antony Rookes	16/12/2009 5/3/2012
Shareholders	Shares held
Nextgenus Limited	940
Michael Pennington	20
Lindsey Annison	20

Fibre was incorporated on 17 April 2008.

The registered office and trading addresses of the companies was Centre 88 Saner Street, Hull. The registered office has been changed to my Driffeld office for the sake of these proceedings

Background

The companies operated as part of a group of companies which provided internet services to local communities

Circumstances leading to the appointment of the administrators and the source of our initial introductions

The circumstances of the period prior to the administrations are explained in the report to creditors dated 25 April 2012, a copy of which is attached for ease of reference

Manner in which the company's affairs have been conducted since the date of my appointment

The administrators have to meet one of the objectives of the administration process which are

- a) Firstly, rescuing the company as a going concern. If that cannot be achieved,
- b) Secondly, achieving a better result for the company's creditors as a whole than would be likely if the company were to be wound up (without first being in administration). If that cannot be achieved,

- c) Thirdly, realising property in order to make a distribution to one or more secured or preferential creditors

The steps taken are detailed in our report to creditors dated 25 April 2012 and which is attached

Following my appointment as joint administrator, I had telephone contact with Guy Jarvis the last remaining company director however he was not available to meet with me until 18 April 2012. During this period I also was in regular contact the companies' accountants who were instructed to value the networks

The networks had been repeatedly hacked into prior to our appointment and the director was not in full control of the networks. It was therefore necessary to achieve an expeditious sale of the networks. The networks were also repeatedly hacked into following our appointments

The circumstances of the sale of the Cumbria and Hull/Ashby networks was detailed in the report to creditors dated 25 April 2012, a copy of which is attached for ease of reference

Since our last report, the joint administrators undertook a marketing exercise for the North Yorkshire network. Best and final offers for the network were invited for noon on 24 April 2012. The best offer received was from Quiet PC LLP for £10,500 and the sale completed shortly thereafter

Directors' conduct

The director, former directors and management have either been unable or unwilling to provide the necessary information to discharge our duties as administrators in the normal manner. I understand that a former employee was arrested prior to our appointment and Mr Jarvis, the companies' director, has been arrested following our appointment

Creditors have raised concerns over the conduct of Mr Jarvis and the former management / employees of the companies prior to and following our appointment as joint administrators. If creditors do have further concerns regarding their conduct, I would be grateful if you will submit details in writing to me

Trading during the administration

The companies have continued to receive monies for the North Yorkshire network until it was sold. Once we are in receipt of the companies' bank statements we will establish what monies have been received for the period since our appointment

Directors' statement of affairs

Copies of the statement of affairs are attached. These have been completed by Guy Jarvis with the assistance of Southgates Accountants and have very recently been submitted to us

The statement of affairs has identified additional assets which the joint administrators will investigate and realize in the normal manner

Objectives of the administration

We have been unable to rescue the company as a going concern. The purpose of the administration has been achieved in that a better result for the company's creditors as a whole than would have been likely if the company were wound up (without first being in administration) has been secured as we have sold the companies' interest in the various networks on a going concern basis rather than a forced sale

Creditors' claims

We understand that there are no secured or preferential unsecured creditors in this matter, there are only non preferential unsecured claims against the companies

Creditors should note that, in an administration, the administrators have a statutory duty to agree and admit only preferential unsecured creditors' claims and pay dividends on them. The administrators do not have a duty to agree and admit non preferential unsecured creditors' claims and pay dividends in an administration, unless the court orders otherwise

The prescribed part

The provisions of Section 176A of The Insolvency Act 1986 relating to a prescribed part are not relevant in these proceedings as there are no floating charges created after 15 September 2003

Receipts and payments account

An account of the administrators' receipts and payments to date is attached to this report

Statement of Insolvency Practice 9 – Remuneration of insolvency office holders

Statement of Insolvency Practice 9 provides that we are required to disclose to creditors our firm's time costs to date, together with an analysis of the types of work that we have undertaken in administering this case

In addition, we are required to disclose how much has been drawn by our firm from estate funds in respect of remuneration and on what basis these sums were drawn as well as who and when these sums were sanctioned

We are also required to advise creditors what disbursements have been recovered from the administration estate. Category 1 disbursements are disbursements which are directly referable to the insolvent estate and relate to a payment to an independent third party. Category 2 disbursements are directly referable to the insolvent estate in question but the payment is not to an independent third party

A creditors' guide to Redman Nichols Butler fees and disbursements is attached

A copy of the creditors' guide to administrator's fees is available at www.insolvency-practitioners.org.uk. This guide sets out how the basis of the remuneration of an administrator is assessed, who agrees the quantum and drawing of that remuneration and

various other matters relating to an administrator's remuneration and recovery of disbursements generally

Fixing the administrators' remuneration

The basis for fixing the administrators' remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed

- as a percentage of the value of the property which the administrator has to deal with,
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
- as a set amount

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters -

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with

If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described below do not apply), the administrators' remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrators, but the administrators may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of -

- each secured creditor of the company, or
- if the administrators have made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company, and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would

Our firms' current charge out rates

My firm's current charge out rates are as follows -

Grade	Rate (£) from 1 May 2011
Partner	280
Senior manager	250
Manager	230
Assistant Manager	205
Administrator	155
Support staff	90

The charge-out rates of DIP Insolvency are

Grade	Rate (£)
Junior professional	65 to 95
Senior professional	100 to 160
Manager	160 to 195
Director	220 to 240

Pre administration order costs

It is for creditors to determine whether and to what extent the un-paid pre-administration costs are approved for payment. The court ordered that the costs of making the applications are payable as a cost of the administrations.

DIP Insolvency Practitioners received instructions from a former director and creditor of the companies DIP Insolvency Practitioners' time costs for period prior to 13 April 2012 for Next are £10,079 plus VAT and for Fibre £2,519 plus VAT

The work carried out by DIP Insolvency Practitioners prior to the 13 April 2012 can be summarized as follows

- Discussion of options with former director and creditor
- Reviewing shareholder agreement
- Discussions with current director, Companies' accountants, Michelle Brumfield and Darren Weavers
- Dealing with potential creditors, aggrieved customers and interested parties
- Drafting a statement of affairs for administration application and the administration application and with supporting documentation
- Instructing solicitors
- Lodging administration applications in court
- Dealing with marketing process in respect of the networks

No payments have yet been made for the costs incurred by DIP Insolvency Practitioners prior to the administrations

My firm's costs in assisting the director prior to the administration orders are £866 66 plus VAT and for Fibre £280 00 plus VAT The Company director instructed my firm to assist on 11 April 2012 My firm has been paid £625 plus VAT by Nextgenus Limited, a connected company, prior to the appointments

Carrick Read Insolvency, solicitors, were instructed by F Devine to assist with the preparation of the documentation to place the Company into administration and to prepare and draft sale contracts Their costs for assisting Next are £7,102 26 plus VAT and for Fibre £4,082 59 plus VAT Carrick Read Insolvency have received £6,000 in respect of their costs

I am seeking to obtain approval from creditors for payment of the pre-administration costs and expenses

Our firm's time costs to date in administering this case and an estimated analysis of the types of work carried out on it

My firm's time costs, to date, in dealing with the proper administrations of these cases total £11,847 54 for Next and £7,763 37 for Fibre An estimated analysis by reference to the types of work carried out on this administration can be found on the attached schedules

DIP Insolvency Practitioners' time costs, to date, in dealing with the proper administration of these cases total £4,132.17 An estimated analysis by reference to the types of work carried out on this administration can be found on the attached schedule

The description of the types of work involved in each category is detailed below

- Administration and Planning – Includes dealing with all statutory matters required by legislation and professional guidelines including periodic returns and reports, internal case review and case progression matters including planning, set-up and maintenance of records.
- Realisation of Assets – Includes dealing with agents regarding the realisation of the Company assets as well as obtaining valuations of any assets and the collection of assets
- Investigation – Review of the Company records and the general investigation required towards the submission of returns pursuant to the Company Directors Disqualification Act 1986.
- Trading – Communication with employees, suppliers and customers and monitoring the ongoing trading position
- Creditors – General communication, receipt and agreement of claims

Funds drawn to date on account of remuneration

Neither my firm or DIP Insolvency Practitioners have drawn any sums on account of our remuneration as administrators to date

Who will determine the basis of the joint administrators' remuneration

Our proposals make provision for creditors to agree the basis of our firms' remuneration on the basis of our firms' time costs as detailed above. However, creditors should note the points raised above regarding the fixing of fees

These proposals will be considered and voted on at the meeting of creditors to be held on 19 June 2012

Creditors' request for further information

Rule 2.48A of the Insolvency Rules 1986 states that, within 21 days of receipt of this progress report -

- i) a secured creditor, or
- ii) a unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within the 21 days any unsecured creditor may make a request in writing to the liquidator for further information about remuneration or expenses set out in the draft report

The administration must, within 14 days of receipt of the request, respond accordingly

Right of challenge

If a creditor believes that the office holders' remuneration is, in all the circumstances excessive, the basis inappropriate, or the expenses incurred by the office holder are, in all the circumstances, excessive he may, provided certain conditions are met, apply to the court

The application to court may be made by:

- Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court

The application must, subject to any order of the court, be made no later than 8 weeks, after receipt by the applicant of this progress report

Administrators' expenses

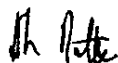
To date, we have recovered no funds in respect of Category 1 or 2 disbursements Category 1 and Category 2 disbursements incurred to date are summarised within this report and on the attached schedule

Professionals engaged to assist the administrators to carry out their duties

<i>Firm</i>	<i>Fees paid to date (£)</i>	<i>Basis of those fees</i>	<i>Brief description of work carried out</i>	<i>Basis of review of reasonableness of fees</i>
Southgates Accountants	0	Time costs	Valuation of assets and assistance with the preparation of the statement of affairs	
Carrick Read Insolvency	0	Time costs	General legal advice and assistance with sale of assets	

Conclusion

This concludes my report, but if creditors have any queries, please do not hesitate to contact either of the administrators



J W Butler
Joint Administrator
29 May 2012

'The Administrators act as agents of the Companies and without personal liability'

Nextgenus UK CIC – in administration

Our proposals are as follows:

It is proposed that the joint administrators continue to manage the affairs of the company in order to achieve the objectives of the administration. In the circumstances it is proposed that

- 1 The Administrators will continue to realise all known assets along with any other assets that may come to our attention during the course of the Administration
- 2 The Administrators will pursue the second objective of administration
3. If having realised the assets of the Company, the Administrators think that a distribution will be made to the unsecured creditors, they shall take steps to place the Company into Liquidation, ideally Creditors' Voluntary Liquidation (CVL). The Administrators shall file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into CVL in order that the distribution can be made. In these circumstances, it is proposed that the Administrators, John William Butler and Francesca Patrice Devine, will become the Liquidators of the CVL in accordance with Paragraph 83 of Schedule B1 of the Insolvency Act 1986. Creditors are permitted to nominate their own proposed Liquidator(s) provided that the nomination is made after the receipt of these proposals and before these proposals are approved
- 4 If the joint administrators consider that interests of creditors would be served (perhaps because there are insufficient funds to pay a dividend to unsecured creditors as well as insufficient funds to carry out detailed investigations into the affairs of the company, which investigations are, however, worthy of being carried out), then they may take steps to place the company into compulsory liquidation and the Official Receiver will then become the liquidator
- 5 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company
6. The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration
- 7 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration and any proposed act on the part of the Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration
- 8 Where no Creditors' Committee is appointed, the remuneration of the Administrators shall be fixed by reference to time properly spent by them and their staff in managing the Administration

- 9 The Administrators be authorised to draw remuneration on a time cost basis and are authorised to draw fees on account whilst acting as Administrators
- 10 The Administrators are to be reimbursed for any expenses or necessary disbursements properly charged or incurred in the course of carrying out their duties. These expenses include category 1 and category 2 disbursements. The basis on which the category 2 disbursements are charged is disclosed within "A creditor's guide to the fees and disbursements charged by Redman Nichols Butler". The Administrators are at liberty to draw and pay these expenses and disbursements in accordance with the forgoing resolution without further reference to creditors
- 11 The pre-Administration professional costs, including those incurred by Redman Nichols Butler, DIP Insolvency Practitioners and Carrick Read are to be treated as and paid as an expense of the Administration
- 12 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect
- 13 The Administrators will do all other such things and generally exercise all our powers as Administrators as they consider desirable or expedient at our discretion in order to achieve all purposes of the Administration, to protect and preserve the assets of the Company, to maximise the realisations of those assets or for any other purpose incidental to these proposals
14. If the administrators consider it appropriate, they may summon a creditors' meeting to consider any revisions to the proposals in accordance with paragraph 54 of Schedule B1 of the Insolvency Act 1986, provided that the proposed revision is substantial
- 15 As the company's main centre of interest is based in England, EC Regulations do apply. These proceedings will be main proceedings as defined in Article 3 of the EC Regulations.



J W Butler
Joint Administrator

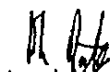
Fibrestream Limited – in administration

Our proposals are as follows:

It is proposed that the joint administrators continue to manage the affairs of the company in order to achieve the objectives of the administration. In the circumstances it is proposed that

- 1 The Administrators will continue to realise all known assets along with any other assets that may come to our attention during the course of the Administration
- 2 The Administrators will pursue the second objective of administration
- 3 If having realised the assets of the Company, the Administrators think that a distribution will be made to the unsecured creditors, they shall take steps to place the Company into Liquidation, ideally Creditors' Voluntary Liquidation (CVL). The Administrators shall file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into CVL in order that the distribution can be made. In these circumstances, it is proposed that the Administrators, John William Butler and Francesca Patrice Devine, will become the Liquidators of the CVL in accordance with Paragraph 83 of Schedule B1 of the Insolvency Act 1986. Creditors are permitted to nominate their own proposed Liquidator(s) provided that the nomination is made after the receipt of these proposals and before these proposals are approved.
- 4 If the joint administrators consider that interests of creditors would be served (perhaps because there are insufficient funds to pay a dividend to unsecured creditors as well as insufficient funds to carry out detailed investigations into the affairs of the company, which investigations are, however, worthy of being carried out), then they may take steps to place the company into compulsory liquidation and the Official Receiver will then become the liquidator.
- 5 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 6 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 7 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration and any proposed act on the part of the Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 8 Where no Creditors' Committee is appointed, the remuneration of the Administrators shall be fixed by reference to time properly spent by them and their staff in managing the Administration.

- 9 The Administrators be authorised to draw remuneration on a time cost basis and are authorised to draw fees on account whilst acting as Administrators
- 10 The Administrators are to be reimbursed for any expenses or necessary disbursements properly charged or incurred in the course of carrying out their duties. These expenses include category 1 and category 2 disbursements. The basis on which the category 2 disbursements are charged is disclosed within "A creditor's guide to the fees and disbursements charged by Redman Nichols Butler". The Administrators are at liberty to draw and pay these expenses and disbursements in accordance with the foregoing resolution without further reference to creditors
- 11 The pre-Administration professional costs, including those incurred by Redman Nichols Butler, DIP Insolvency Practitioners and Carrick Read are to be treated as and paid as an expense of the Administration
- 12 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect
- 13 The Administrators will do all other such things and generally exercise all our powers as Administrators as they consider desirable or expedient at our discretion in order to achieve all purposes of the Administration, to protect and preserve the assets of the Company, to maximise the realisations of those assets or for any other purpose incidental to these proposals
- 14 If the administrators consider it appropriate, they may summon a creditors' meeting to consider any revisions to the proposals in accordance with paragraph 54 of Schedule B1 of the Insolvency Act 1986, provided that the proposed revision is substantial
- 15 As the company's main centre of interest is based in England, EC Regulations do apply. These proceedings will be main proceedings as defined in Article 3 of the EC Regulations



J W Butler
Joint Administrator

Redman Nichols

TIME & CHARGEOUT SUMMARIES

Nextgenus UK CIC

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	4 25	10 08	1 67	0 00	16 00	3,850 88	240 68
Investigations	1 25	0 42	0 00	0 00	1 67	445 84	267 50
Realisation of Assets	9 00	14 17	0 00	0 00	23 17	5,778 34	249 42
Creditors	1 58	5 33	0 50	0 00	7 42	1,772 48	238 99
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	4,503 32	6,900 04	444 18	0 00		11,847 54	
Total Hours	16 08	30 00	2 17	0 00	48 25		
Average Rate	280 00	230 00	204 99	0 00			

CATEGORY 1 + 2 DISBURSEMENTS

Type & Purpose			Amount £
26/04/2012	Category 1 - Stationery	Notice of administration	2 92
26/04/2012	Category 1 - Postage	Notice of administration	13 50
09/05/2012	Category 1 - Advertising	Appointment of administrator	60 00
15/05/2012	Category 1 - Company Search		12 00
			88 42

Redman Nichols**TIME & CHARGEOUT SUMMARIES**

Fibrestream Ltd

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	1 50	8 67	1 50	0 00	11 67	2,720 89	233 21
Investigations	0 50	0 25	0 00	0 00	0 75	197 50	263 33
Realisation of Assets	3 42	10 42	0 00	0 00	13 83	3,352 50	242 35
Creditors	0 58	5 33	0 50	0 00	6 42	1,492 48	232 60
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	1,680 00	5,673 36	410 01	0 00		7,763 37	
Total Hours	6 00	24 67	2 00	0 00	32 67		
Average Rate	280 00	230 00	204 99	0 00			

CATEGORY 1 + 2 DISBURSEMENTS

Type & Purpose			Amount £
26/04/2012	Category 1 - Stationery	Notice of administration	3 22
26/04/2012	Category 1 - Postage	Notice of administration	15 00
09/05/2012	Category 1 - Advertising	Appointment of administrator	60 00
15/05/2012	Category 1 - Company Search		10 00
			88 22

DIP Insolvency

Appendix 1

TIME & CHARGEOUT SUMMARIES

Nextgenus UK CIC and Fibrestream Limited
In Administration

From 13th April 2012 to 28th May 2012

HOURS							
Classification of work function	Director	Manager	Senior professional	Junior professional	Total hours	Time cost £	Average hourly rate £
Administration & planning	8.81	9.77	0.00	0 15	18.73	3,855.00	205.82
Realisation of assets	0.55	0.50	0.00	0.00	1.05	218.51	208.10
Creditors	0.13		0.00	0.00	0.13	29.33	225.62
Reviews/reports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigation/failure/closure	0.13		0.00	0 00	0.13	29.33	225.62
Trading	0.00	0.00	0.00	0 00	0 00	0 00	0.00
Total fees claimed £	2,119.34	2,002.00	0.00	10.83		4,132.17	
Total hours	9.62	10.27	0 00	0 15	20.04		
Average rate	220.31	194.94		72.20	206.20		

CATEGORY 2 DISBURSEMENTS

Type & purpose	Amount £
Office holders expenses	31.10
Room hire	0.00
Stationery & communications	0.00
	31.10

DIP INSOLVENCY HOURLY TIME COSTS

Grade	Amount £
Junior professional	65 to 95
Senior professional	100 to 160
Manager	160 to 195
Director	220 to 240

Nextgenus UK CIC and Fibrestream Limited - both in administration

Receipts and payments account from 13 April 2012 to date

Receipts	£	£
Sale of Networks		
Hull/Ashby	18,000	
Cumbria	6,000	
North Yorkshire	10,500	34,500
Sundry receipt		24
Total receipts		34,524
 Costs and expenses of administration		
Administration application costs		6,000
 Total payments		<u>6,000</u>
Balance in hand		28,524

Nextgenus UK CIC – in administration

Fibrestream Limited – in administration

**Report on the sale of parts of the Companies' business and assets in
accordance with Statement of Insolvency Practice 16 (E&W)**

Pre-packaged sales in administrations

On 13 April 2012, Francesca Patrice Devine "FPD" of DIP Insolvency Practitioners and John William Butler "JWB" of Redman Nichols Butler were appointed as administrators of Nextgenus UK CIC, company number 07030978 and Fibrestream Limited company number 06568705 "the Companies"

The administration orders were made in the High Court of Justice, Chancery Division, Leeds District Registry, reference 511 of 2012 and 512 of 2012. The orders were made upon the application of Simon John Davidson a creditor of the Companies, he is also a former director. The applications which were dated 28 March 2012 and presented to the Court on 2 April 2012 provided for the appointment of FP Devine, JW Butler was introduced into the proceedings at the hearing on 13 April 2012, having given his consent to act during the afternoon of 12 April 2012.

The Companies provide broadband access to a number of communities

- **The source of the administrators' initial introductions & the extent of the administrators' involvement prior to appointment**

FPD

FPD was approached by one of the shareholders of the parent company (Nextgenus Limited), Simon Davison, after being recommended to him by a former client of FPD. Simon Davison first came to see FPD on 14 March 2012. FPD had no prior relationship with the shareholder. FPD then met with Tony Rookes, accountant and one of the other shareholders, who appeared at that time to be supportive of an application being made and he made suggestions of how the business might be "saved". FPD also spoke with Guy Jarvis, a shareholder and sole director of the parent company. Mr Jarvis sent Darren Weaver and Michelle Brumfield to meet with her on his behalf. They were not dismissive of the approach that was being considered for an administration.

FPD also spoke with the third Shareholder Stephen Dixon, who wanted to be kept out of any discussions until a decision had been made.

It then became clear that Guy Jarvis had no intention of reverting to FPD but networks were apparently being adversely affected and numerous letters and phone calls were being received from customers who had either been cut off or had been denied access to certain parts of the network.

JWB

On the afternoon of Wednesday 11 April 2012, JWB met with the sole remaining director of the Companies, Guy Jarvis and Michelle Brumfield to discuss the options open to the Companies. This was JWB's first meeting with the director and he had spoken with him a few days before.

It had been suggested that JWB become involved at the suggestion of Antony Rookes a former officer of the Companies and also a partner in Southgates Accountants, the Companies' accountants.

At the meeting it was explained that the director and some connected creditors were unhappy with the administration application and the fact that FPD was proposing to prepack the entire business to a number of parties.

JWB discussed a number of options open to the Companies and the director. The Companies director acknowledged that the Companies were insolvent and he requested that JWB approach FPD for a joint appointment.

FPD was approached on Thursday 12 April 2012. The joint appointment was initially opposed, however, after further discussions FPD later agreed to the joint appointment.

- **Any marketing activities conducted by the company and or the administrator**

Prior to the involvement of JWB and the start of the administrations, FPD conducted a limited marketing exercise of the business and various networks in the Hull, Ashby Digby (Lincolnshire), North Yorkshire and Cumbria areas.

FPD had obtained the following offers for the various networks:

Network	Offer
Hull, Ashby Digby & North Yorkshire	£45,500 but with down payment of only £20,000
Hull, Ashby Digby & North Yorkshire	£12,500
Hull & Ashby Digby	£30,000 with £15,000 up front
Hull & Ashby Digby	£12,500
Hull & Ashby Digby	£30,000 with £15,000 upfront This interested party subsequently withdrew their offer
Ashby Digby	£12,000

Ashby Digby	£2,500
Hull only	£6,050 plus a pay out over a period of time from income
Cumbria	£8,000
North Yorkshire	£6,000

The best and final offers received were

- Hull / Ashby networks – Connexin – £18,000 initial payment and £2,000 per month for the next six months
- Cumbria – Viscount Lowthers Trust - £6,000 initial payment and £400 over 5 months
- North Yorkshire – Beeline Broadband Limited - £6,000
- **Any valuations obtained of the business and the underlying assets**

Prior to administration the business and underlying assets were not formally valued by FPD. The application for the administration order was based upon a scenario where a formal sale would occur following the appointment of the administrators. In the period immediately before the hearing date, there were various issues with the network which necessitated a change of plan.

In view of various parts of the network being cut off, FPD decided that it was in the best interests of the Companies and its creditors to draw up a pre pack sale, in order to preserve the value of the business and assets. FPD obtained a valuation of the assets from Simon Davison in relation to purchase costs and the cost of removing and reinstalling.

This was backed up by one of the interested parties.

Following JWB's introduction into the Companies, he contacted Southgates Accountants, the Companies' accountants with a view to obtaining an immediate valuation of the various networks. Southgates were chosen because they had an intimate knowledge of the financial affairs of the Companies and they could provide an immediate valuation.

Having considered the circumstances of the individual networks, i.e. customer base/monthly income, investment and overhead costs etc Southgates valued the networks as follows -

- Cumbria £6,000 to £15,000
- Hull £25,000 to £50,000
- Ashby(Lincolnshire) £2,500 to £10,000
- Newton and Stape (North Yorkshire) £8,500 to £17,000

JWB also requested Gilbert Baitson, professional auctioneers and valuers to comment on the forced sale value of the network equipment. Their ability to undertake a comprehensive review and make a full report was severely hampered by a lack of proper information regarding the amount and type of the equipment under consideration. Nevertheless they suggested that in light of the fact that the tangible assets were located across the areas of the various networks and were held at or on third party property the logistics of the removal for sale were likely to be disproportionate to the resale value of the assets, meaning such a forced sale realisation was commercially not worthwhile.

- **The alternative courses of action that were considered by the administrator with an explanation of possible financial outcomes**

The offers for the Cumbria and Hull / Ashby networks were accepted by the joint administrators as both administrators were satisfied that adequate marketing had been undertaken and in the circumstances the offers for these networks maximised recoveries for the Companies' creditors.

Based on the valuation advice received, the offer for the North Yorkshire network was not sufficiently high enough to justify forgoing further marketing. In these circumstances the offer was not accepted and further action has been taken to market the network.

- **Why it was not appropriate to trade the business and offer it for sale as a going concern, during the administration**

The administrators were aware that the realisable value of the networks was intangible and also dependent upon factors in the control of third parties, for example the backhaul suppliers, customers and co-operation from the director.

The director has stated that the networks were repeatedly hacked into prior to the administrations and he was only able to provide incomplete information. Prior to and following the appointment of administrators, hackers have severely disrupted the network.

The joint administrators were also conscious that the Companies no longer had any employees to properly support the networks should assistance be required. In addition it was not clear how much assistance and co-operation would be forthcoming from the remaining sole director, in the event he filed termination of appointment of director with Companies House on 13 April 2012, albeit the resignation was not valid.

Mr Jarvis the Companies' director and a former employee have been arrested as a result of their alleged conduct following our appointment. We are unsure whether there is any substance in these allegations.

Trading during the administration also relied on the support of the various backhaul suppliers. Trading all the networks during the administration would have resulted in a significant trading loss as a result of the extra professional costs and the trading expenses.

There was also a significant risk that customers would migrate to other providers if they were dealing with a provider in administration and the internet could not be guaranteed.

It was considered that the passage of time would severely erode the value of the network.

- **Details of requests made to potential funders to fund working capital requirements**

None, it was not considered that this course of action was appropriate in the circumstances

- **Whether efforts were made to consult with major creditors**

An email circular was sent on the morning of 13 April 2012 to the major creditors to ascertain their views. The email was sent at short notice at the request of JWB. No major creditor raised an objection.

- **The date of the transaction**

13 April 2012

- **Details of the assets involved and the nature of the transaction**

As a going concern, all such right, title, and interest, if any (and insofar as the administrators are able to transfer the same) as the Companies may have in the Transferred assets. The Transferred assets are 'the Business, the contracts, the Goodwill and Commercial information and the Network Equipment'.

- **The consideration for the transaction, terms of payment and any condition of the contract that could materially affect the consideration**

The Cumbria network

£8,000 by way of a £2,000 non-returnable deposit, £4,000 payable on the signing of the agreement and 5 monthly instalments of £400 payable on the last business day of each month. All sums payable shall be paid without deduction, withholding, offset or counterclaim whatsoever.

The Hull network and Ashby network

£30,000 by way of a £7,200 non-returnable deposit, £10,800 payable on the signing of the agreement and 6 monthly instalments of £2,000 payable on the last business day of each month.

All sums payable shall be paid without deduction, withholding, offset or counterclaim whatsoever.

- **If the sale is part of a wider transaction, a description of the other aspects of the transaction**

Not applicable

- **The identity of the purchaser**

The Cumbria network

Viscount Lowthers Trust

The Hull network and Ashby network

Connexin Limited

- **Any connection between the purchaser and the directors, shareholders or secured creditors of the company**

The Cumbria network

None identified - we are aware that a former employee has commenced employment for this purchaser

The Hull network and Ashby network

None identified - we are aware that two former employees, including a former director, have been employed by this purchaser

- **The names of any directors or former directors of the company who are involved in the management or ownership of the purchaser or of any other entity into which any of the assets are transferred**

The Cumbria network

Not applicable

The Hull network and Ashby network

It is understood that the purchaser employs SJ Davison, a former director of the Companies

- **Whether any directors had given any guarantees for amounts due from the company to a prior financier and whether that financier is financing the new business**

It is understood that a number of personal guarantees may have been given by the officers and former officers of the Companies in respect of the liabilities of the Companies and other Companies in the group

However as there is no direct link between the officers and the purchasers of the business assets the question of the purchasers' financiers is not relevant

- **Any options, buy back arrangements or similar conditions attached to the contract of the sale**

Not applicable

Statement of affairs

Name of Company
Fibrestream Limited

Company number
06568705

In the
**High Court of Justice, Chancery Division, Leeds
District Registry**

Court case number
512 of 2012

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

Statement as to the affairs of (a) **Fibrestream Limited of Maclaren House Skerne Road, Driffield,
YO25 6PN**

(b) Insert date

on the (b) **13 April 2012**, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the
affairs of the above named company as at (b) 13 April 2012 the date that the company entered
administration

Full name **Guy Bernard Jarvis**

Signed 

Dated **13-5-2012**

A - Summary of Assets

Assets

Assets subject to fixed charge

NONE

Assets subject to floating charge

NONE

Uncharged assets

STOCK ESTIMATED
DELIVERED TO S THULESEN AND C BRASS
BUT PRESENT WHEREABOUTS UNKNOWN

Book Value £	Estimated to Realise £
-	-
-	-
14,000	unknown but say 10,000
14000	10000

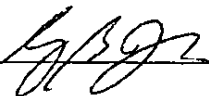
Estimated total assets available for preferential creditors

Signature [Signature] Date 22nd MAY 2012

A1 – Summary of Liabilities

		Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£	10000
Liabilities		
Preferential creditors -	£ None	
Estimated deficiency/surplus as regards preferential creditors	£	10000
Estimated prescribed part of net property where applicable (to carry forward)	£ None	
Estimated total assets available for floating charge holders	£	10000
Debts secured by floating charges	£ None	
Estimated deficiency/surplus of assets after floating charges	£	10000
Estimated prescribed part of net property where applicable (brought down)	£ None	
Total assets available to unsecured creditors	£	10000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 42580	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	32580
Shortfall to floating charge holders (brought down)	£	
Estimated deficiency/surplus as regards creditors	£	32580
Issued and called up capital	£ £980	
Estimated total deficiency/surplus as regards members	£	33560

Signature



Date

22 MAY 2012

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

[illegible]

Date 22 May 2012

Fibrestream Limited
List of Unsecured creditors
13th April 2012

Name	Address	Liability
Geo Networks Limited	4th Floor Harmsworth House 13-15 Bouverie Street London EC4Y 8DP	11070
K COM Group PLC	37 Carr Lane HULL HU1 3RE	10739 7
Telecity Group Limited	10th Floor, 6/7 Harbour Exchange Square, London LE14 9GE	240
Mayflex UK Limited	Excel House, Junction Six Ind Est Electric Ave Birmingham B6 7JJ	1038 52
Virgin Media	Communications House 1 Chippingham Street, Attercliffe Sheffield S9 3SE	6075
Southgates	Owthorne Manor 2 Hubert Street Withernsea HU19 2AT	1425
Premier Electrical Limited	Unit 17 Denton Holme Trade Centre Carlisle CA2 5DF	537 54
Plastech	Park Ind Estate Liverpool Road Ashton In Makerfield Wigan WN4 0YN	4658 4

Fibrestream Limited
List of Unsecured creditors
13th April 2012

Electronic Frontier Limited	Unit 3 Theale Technology Centre Station Road Theale Berkshire RG7 4AA		582 91
Cogent	2 Temple Back East Temple Quay Bristol BS1 6EG		204
HSBC Commercial Card	Card Service Delivery PO Box 6001 Coventry CV3 9FP	Est	1000
JP Little	The Bungalow King Meaburn Penrith CA10 3BU		403 5
Simon Davison	10 Woodlands Drive Beverley	ex MS Dist	3490 44 Disputed
Fusion Group Limited	Fusion House Chesterfield Ind Est Chesterfield S41 9PZ		1115 04
TOTAL			<u>42580 05</u>

Statement of affairs

Name of Company
Nextgenus UK CIC

Company number
07030978

In the
**High Court of Justice, Chancery Division, Leeds
District Registry**

Court case number
511 of 2012

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

Statement as to the affairs of (a) **Nextgenus UK CIC of Maclaren House Skerne Road, Driffeld,
YO25 6PN**

(b) Insert date

on the (b) **13 April 2012**, the date that the company entered administration

Statement of truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 13 April 2012 the date that the company entered administration

Full name Guy Bonjano Jarvis

Signed 

Dated 18-5-2012

Summary of Assets

Assets

Assets subject to fixed charge

ASHBY FLORE NETWORK LONDON FROM
NONE AFL

42000

See Below

Assets subject to floating charge

NONE

Uncharged assets

- NETWORKS
 - ASHBY / DIGBY
 - HULL AND HODGKINSS
 - NEWTON + STAPE

21450

30,000

76cc

10500

TEN DE DOBTRELS

28309

5000

LOANS - WESTERN UNION CUMBRIA CO

16827

7000

CASH BALANCE UNAVAILABLE FOR FIRM
MULTIPLICATION TERM APRIL 2011 TO DEC 2011
C BANDS - RECLAIM OF ENDOWMENTS

10759

10459

Location

60006

Estimated total assets available for preferential creditors

199647

70459

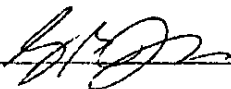
Signature

Date 22 MAY 2012

4 - Summary of Liabilities

		Estimated to realise £
	£	70454
Estimated total assets available for preferential creditors (carried from page A)	£	
Liabilities	£	
Preferential creditors -	None	
Estimated deficiency/surplus as regards preferential creditors	£	70454
Estimated prescribed part of net property where applicable (to carry forward)	£	None
Estimated total assets available for floating charge holders	£	70454
Debts secured by floating charges	£	None
Estimated deficiency/surplus of assets after floating charges	£	70454
Estimated prescribed part of net property where applicable (brought down)	£	None
Total assets available to unsecured creditors	£	70454
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£	96802
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	(26343)
Shortfall to floating charge holders (brought down)	£	
Estimated deficiency/surplus as regards creditors	£	(26343)
Issued and called up capital	£	£1
Estimated total deficiency/surplus as regards members	£	(26344)

Signature



Date

22 May 2012

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
NEUGEOMUS LIMITED	96 CUTHBERTS LANE 2 HUGBOY ST BATHAMPTON BA14 2AT	1	1.00	Ordinary
TOTALS		1	1.00	

Signature  Date 22 MAY 2012

Note• You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Signature [Signature] Date 22 MAY 2012

Nextgenus UC CIC
List of creditors at
13th April 2012

Name	Address	Liability
Saltend Community Dev Co Limited (BP Sirius)	8 St Augustines Gate Hedon HU12 8EX	5552
K COM Group PLC	37 Carr Lane HULL HU1 3RE	est 4500
Based on 50 50 revenue share to Nov 2011 but never fully identified		
Anson Electronics Limited	167/183 The Boulevard HULL E Yorkshire HU3 3EJ	54 63
Ashby Village Hall	C/o John Brennan 23 Main Street, Ashby de la Launde Lincolnshire LN4 3JG	123 54
Bendart Limited	Charles street Great Yarmouth Norfolk NR30 3LA	1541 07
AFL Telecommunications Europe Limited	Newcombe Drive, Hawksworth Swindon SN2 1DZ	22200
Southgates	Owthorne Manor 2 Hubert Street Withernsea HU19 2AT	5280 8082
Moz Consultancy Limited	Owthorne Manor 2 Hubert Street Withernsea HU19 2AT	2600
Stephen Dixon Limited	123 Park Avenue Princess Ave HULL HU5 3EX	1500

Nextgenus UC CIC
List of creditors at
13th April 2012

Nynet Ltd	Douns House Roecliffe Business Centre Roecliffe Boroughbridge N Yorkshire YO51 9NE		2040
W Garrett	West View Farm Newton Upon Rawcliffe YO18 8QA	Loan Feb Inv	15000 785
Campbells Fabrications (inv to Nextgenus no ref to Ltd or CIC)	The Garage Great Asby Appleby Cumbria CA16 6ET		2543 03
Nextgenus Limited	C/O Owthorne Manor 2 Hubert Street Withernsea HU19 2AT		14000
Craig Brass		disputed	500
	(also claim for exp while dir of Cum CIC)	1556	
Guy Jarvis		Max	3500
Simon Davison	Overdraft guarenteed	Max	3500
A Rookes		Max	3500

TOTAL

96802 27