

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 07486862

Company name in full Origin Broadband Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Gareth

Surname Harris

3 Administrator's address

Building name/number Central Square, 5th Floor

Street 29 Wellington Street

Post town Leeds

County/Region

Postcode LS14DL

Country

4 Administrator's name ①

Full forename(s) James

Surname Miller

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Central Square, 5th Floor

Street 29 Wellington Street

Post town Leeds

County/Region

Postcode LS14DL

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals

I attach a copy of the statement of proposals

7

Qualifying report and administrator's statement ^①

I attach a copy of the qualifying report

I attach a statement of disposal

^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature

X



X

Signature date

^d

3

^d

0

^m

0

^m

9

^y

2

^y

0

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1

AM03

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	James Woodhead
Company name	RSM Restructuring Advisory LLP
Address	Central Square, 5th Floor 29 Wellington Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D L
Country	
DX	
Telephone	0113 285 5000



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

ORIGIN BROADBAND LTD IN ADMINISTRATION

JOINT ADMINISTRATORS' PROPOSALS

30 SEPTEMBER 2021

INTRODUCTION

Contact details

The key contacts at RSM in connection with this report are:

Primary office holder	Case Manager
Gareth Harris	James Woodhead
RSM Restructuring Advisory LLP	RSM Restructuring Advisory LLP
Central Square, 5th Floor, 29 Wellington Street, Leeds, LS1 4DL	Central Square, 5th Floor, 29 Wellington Street, Leeds, LS1 4DL
Tel: 0113 285 5000	Tel: 0113 285 5000

Basis of preparation

This document forms the basis of the Joint Administrators' Proposals ('Proposals').

They have been prepared solely to comply with the statutory requirements of the relevant legislation. They have not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to revision and additional costs. They should not be used as the basis for any bad debt provision or any other purpose. Neither the Joint Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in these Proposals. The Joint Administrators act as agents of the Company and without personal liability.

Insolvency (Amendment) (EU Exit) Regulations 2019

The proceedings flowing from the appointment will be COMI proceedings.

General guidance on the Administration process

You may also wish to note that profession's trade body, R3, have also produced general guidance on the different insolvency processes, which can be located at their website

Contents

Sections

Key actions and decisions required from creditors	3
Background and financial information	4
Purpose, strategy and conduct of the administration	6
Outstanding matters.....	8
Creditors' claims and dividend prospects	9
Joint Administrators' fees, costs and expenses	11

Appendices

A. Statutory information	
B. Estimated financial position	
C. Receipts and payments summary	
D. Fee estimate, scope and assumptions	
E. Post-appointment time analysis	
F. Pre-administration time analysis	
G. SIP 16 Statement	
G(ii) Evaluator's statement	
H. Proof of debt	

KEY ACTIONS AND DECISIONS REQUIRED FROM CREDITORS

Decisions required from creditors

No decisions are being sought from creditors. This is because the Company has insufficient property to enable a dividend to be paid to unsecured creditors.

Deemed approval of the Joint Administrators' proposals

The Proposals will be automatically approved on 15 October 2021 unless sufficient creditors request approval by a decision procedure as set out below.

Requesting a decision

A request for a decision must be made no later than 14 October 2021, being within 8 business days from the date of delivery of these Proposals. Any request must be supported by creditors whose collective debts represent at least 10% in value of the total debts of the Company.

If creditors request a decision, the Joint Administrators may require creditors to lodge a deposit, at an amount to be determined by the Joint Administrators, as security for expenses.

BACKGROUND AND FINANCIAL INFORMATION

Background and events leading to Administration

Origin Broadband Ltd ('the Company') was incorporated in January 2011 as a reseller of the European Union funded 'South Yorkshire Digital Region' and initially acquired 50 unbundled exchanges, originally targeting business to business connections. It subsequently developed into a consumer broadband operation (providing bundled packages across the UK) employing c100 full time employees from its leasehold premises in Rotherham.

Faro Capital Limited ('Faro'), a private equity investment company, is the sole shareholder of the Company's holding company, Origin Broadband Group Ltd, and are the Company's only secured creditor holding fixed and floating charges. The Company has two registered Directors, who are both UK based. Origin Broadband Group Ltd was purely a holding company and did not trade.

The Company initially accessed EIS funding from 2016 to 2018 and grew its customer base to c40,000 customers. In common with many competitors at the time, the Company encountered issues with customer churn, low average revenue per user and bad debts leading to a contraction in the customer base.

Faro acquired the Company in November 2018 and has invested c£25m to date since its original investment, which addressed legacy liabilities of c£4m through placing the Company into a Company Voluntary Arrangement, which it has since successfully exited. After the initial investment, further funds were introduced by Faro to grow the customer base from c20,000 to c80,000 customers (at the date of appointment) and fund ongoing losses (as detailed in the 'financial position' section of this document).

Management has always been aware of the Company's reliance on continued investment from Faro to be able to continue operating on a going concern basis during the Company's last few years of trading. RSM Restructuring Advisory LLP ('RSM') were first introduced to the Company in February 2021 by Faro and was engaged by the Company (not Faro) at that time to review forecasts and provide assistance with preparation of a data book. This data book, together with an information memorandum, was intended to support communication with potential investors. This was completed by Mid-April 2021 and RSM were paid £31k plus VAT for this phase of work.

As part of the work referenced above Management had identified that the Company should be at a break-even point (in respect of cash-flow) with a customer base of c85,000. However, RSM's initial phase of work highlighted that this was unrealistic.

RSM were subsequently engaged for a phase 2 piece of work in April 2021, to carry out market research into potential investors and to discuss the results of this with Management in terms of best route to market. This included internal conversations with Corporate Finance and Debt Advisory. The result of these discussions identified potential debt funds who may have been interested in supporting the business subject to the inclusion of a mandatory purchase option in the Company's main supplier contract (i.e. the debt funds collateral to exit). At this time negotiations were ongoing with the Company's main supplier regarding contract renewal and these terms were still yet to be agreed as at the date of appointment. Time costs were minimal for this phase and RSM therefore agreed not to raise an invoice.

Investment via debt funds was the preferred option at this stage for Faro as they remained optimistic of the five-year expansion strategy (i.e. significant growth of customer base but at material cost) generating a significant return. However, they were reviewing the investment on a monthly basis as they were becoming increasingly concerned about the Company's financial performance (in particular the level of cash consumption).

During the period from May to July 2021 the Company consumed cash of c£500k per month from a customer base of c80,000. This indicated that the Company was much further away from the break-even point in terms of customer numbers than Management initially indicated of 85,000. The cash consumption is mainly as a result of disappointing customer retention, which then requires the purchase of replacement customers to maintain or grow a customer base of c80,000 customers.

Faro concluded that it could not continue funding the business at the current rate of cash consumption and therefore in its current form. Management therefore held initial discussions with its main supplier (in accordance with the supply contract) regarding a potential sale of the Company. The main supplier confirmed that they were not interested in purchasing at this time (July 2021).

RSM was therefore engaged by the Company on 28 July 2021 to undertake an accelerated sale process of the business (in whole or part). Further details of the marketing and sale process are provided later in this document, including the levels of interest received.

As a result of no further funding being available from any source, the Company was insolvent on both a cash flow and balance sheet basis. The Directors of the Company therefore also engaged RSM on 28 July 2021 to assist them in placing the Company into Administration. On the basis of the information that was available to RSM, we considered that the Company's financial circumstances were such that an Administration was an appropriate option for the Directors to consider. The main reason for this being that there was no additional funding

available and following a period of marketing the business for sale prior to their appointment, the Administrators would be able to affect a sale of the business and assets of the Company immediately following their appointment, in order to maximise realisations for the creditors of the Company. We do not consider that our engagement impacts our independence or ethics when accepting the appointment as Administrators given the one-off nature of this assignment.

Company's trading history

Relevant extracts from the Company's audited financial statements and management accounts are summarised below.

	£'000				
Period ending	31 March 2018 Audited	31 March 2019 Audited	31 March 2020 Audited	31 March 2021 Outturn	
Turnover	8,287	7,456	7,591	16,451	
Gross profit	(357)	26	(275)	(5,462)	
EBITDA	(7,467)	(5,939)	(6,140)	(9,332)	
Dividend paid	Nil	Nil	Nil	Nil	

Appointment of Joint Administrators

Gareth Harris and James Miller were appointed as Joint Administrators by the Directors of the Company on 24 September 2021.

Estimated statement of financial outcome

A Statement of Affairs has not yet been provided due to the short timescale in which the Proposals have to be issued following appointment and where a pre-packaged sale has been completed. An Estimated Statement of the Financial Position of the Company as at 24 September 2021 is therefore attached. This details the estimated book value of assets and liabilities, and information about the Company's creditors at the date the Company entered Administration.

PURPOSE, STRATEGY AND CONDUCT OF THE ADMINISTRATION

Purpose of the Administration

Insolvency legislation sets out the statutory purposes of an Administration. The Joint Administrators' must perform their functions with the objective of either:

- a) rescuing the Company as a going concern; or
- b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- c) realising property in order to make a distribution to one or more secured or preferential creditors.

It was not possible to achieve statutory purpose (a) because the Company did not have the funds to enable continued trade and funding was not available for other options, therefore statutory purpose (b) was pursued. By entering into an Administration process, which provided a moratorium from creditor pressure, the Company was able to effectively market the business and assets of the Company for sale, consider offers and expressions of interest and conclude the sale upon appointment of Joint Administrators by a pre-pack sale. This resulted in a better outcome than would have been achieved if the Company had been wound up – in which case we anticipate that it would have been difficult to realise substantial value for the assets.

Strategy to achieve purpose of the Administration

The Joint Administrators were able to maximise the value of the Company's assets and minimise creditor claims by completing a pre-pack sale upon appointment. Further details of the sale and the circumstances surrounding it are set out in Appendix G in accordance with the requirements of Statement of Insolvency Practice 16 ('SIP16'). The Joint Administrators will continue to act in accordance with the sale and purchase agreement related to that sale and realise all monies and meet all obligations due in accordance with it.

The Joint Administrators will also undertake their statutory investigations into the Company and the conduct of the Directors and will attempt to realise any additional assets which may come to light for the benefit of the Administration.

SIP 16 statement

A pre-packaged sale of all of the Company's assets was made, as set out in the notification to creditors dated 30 September 2021. Details of the sale and the circumstances surrounding it is attached ('SIP16 Statement').

The Joint Administrators' role in the pre-Administration period, in relation to the pre-packaged sale, was to advise the Company in connection with the transaction and not the Directors in their personal capacity, or any other parties connected with the purchaser. When considering any sale or disposal of the Company, its' business or assets, the Joint Administrators must perform their functions in the interests of the Company's creditors as a whole. However, where the objective is to realise property in order to make a distribution to secured or preferential creditors, the Joint Administrators have a duty to avoid unnecessarily harming the interests of creditors as a whole.

The time costs associated with this transaction were largely incurred and paid pre-Administration and are detailed on the attached pre-Administration time analysis. Time costs incurred post appointment are shown on the attached post-appointment time analysis under asset realisations. The purchaser was aware of the requirement for an Evaluator's qualifying report as the disposal took place within the first 8 weeks from the date of the appointment of the Administrator. A copy of the Evaluator's qualifying report is enclosed with the SIP16 Statement appended to this proposal.

Asset realisations

Sale of business

Following appointment, the Administrators concluded the sale of the Company's business and assets to OB Telecom Limited (the Purchaser). Full details of the sale and the circumstances surrounding it is included in the SIP16 Statement at Appendix G.

Cash at bank

The Company operated a bank account at the date of appointment. A letter has been sent to the Company's bankers requesting that the account is frozen to outgoing payments and that the balance is forwarded to the Administration estate. Asset realisations from this source are uncertain, but given the trading position are not expected to be material.

The time costs incurred to date in respect of asset realisations are shown on the attached analysis of time costs.

Connected person transaction: Post Appointment

A sale of all of the Company's assets took place on 24 September 2021 to OB Telecom Limited a person connected to the Company by virtue of of a common shareholder and secured creditor of the Company, Faro Capital Limited ('Faro') and a common senior employee / Director in Andrew Simpson. The assets included in the sale are detailed in the attached SIP16 statement included details of all those connected.

This transaction took place after to the appointment of the Joint Administrators. The Joint Administrators took advice in connection with the transaction from Pinsent Masons LLP. The Joint Administrators understand that both the purchaser and connected parties took independent advice prior to the transaction being effected.

The purchaser was aware of the requirement for an Evaluator's qualifying report as the disposal took place within the first 8 weeks from the date of the appointment of the Administrator. A copy of the evaluator's qualifying report is enclosed.

Investigations

The Joint Administrators are required to investigate the Company's business affairs and make a report on the Directors' conduct within three months of appointment. If you have any information or concerns regarding the manner in which the Company's business affairs have been conducted, or information regarding the potential recoveries or assets, please contact this office as soon as possible.

Statutory and case management matters

The following work does not usually result in a financial return to creditors but is required by legislation, best practice and to ensure that the case is managed efficiently and effectively. Key work done in the period included:

Statutory requirements

- statutory filing, advertising and appointment notifications to prescribed parties;
- preparing, reviewing and issuing the Administrators' SIP16 statement;
- preparing, reviewing and issuing the Administrators' Proposals and all associated formalities for approval of the Proposals;
- preparation of an Estimated Financial Position;
- general taxation matters; and

- pension scheme matters.

Case management matters

- client take on evaluation, engagement, guidance, advice;
- establishing validity of appointment, undertaking a security review;
- ongoing case planning;
- maintaining and updating computerised case management records;
- liaising with former accountants and solicitors;
- dealing with routine correspondence not attributable to other categories of work;
- maintenance of cashing records, bank accounts, receipts and payments, billing;
- initial and ongoing consideration of ethical, conflict & anti money laundering checks; and
- arranging re-direction of mail, dealing with re-directed mail.

The time costs incurred to date in dealing with these matters is set out in the attached analysis of time costs.

Receipts and payments

A summary of receipts and payments is attached. Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

OUTSTANDING MATTERS

Assets remaining to be realised

At this stage we do not believe there are any remaining assets to realise, subject to the Administrators' investigations not highlighting any potential assets that the Administrators are not currently aware of.

Other outstanding matters

As referenced earlier in this document, the Joint Administrators are required to investigate the Company's business affairs and make a report as to the Directors' conduct within three months of appointment. The work done only leads to a financial return to creditors if any rights of action become visible during the course of the investigations, which lead to a recovery for the benefit of the Administration estate.

End of the Administration

Automatic end

The Administration will automatically end 12 months from the date the Joint Administrators' appointment took effect, unless an extension is sought. An extension can be sought from the creditors for up to 12 months, or by application to the Court for a longer period.

It is proposed that the Company will exit Administration by way of Dissolution.

However, if any asset is identified as a result of which it is anticipated that a distribution will be made to unsecured creditors, which is not a Prescribed Part distribution, then the Company shall exit Administration by Creditors' Voluntary Liquidation.

Exit by dissolution

At any point in the Administration should the Joint Administrators reach a conclusion that the property is insufficient to permit a distribution then they shall (unless the court orders otherwise) file a notice pursuant to paragraph 84 of Schedule B1 to the Insolvency Act 1986 seeking that the company be dissolved.

Joint Administrators' discharge from liability

As there is unlikely to be any return to unsecured creditors the Joint Administrators will, in accordance with legislation, be seeking a decision from the secured and preferential creditors,

as appropriate for discharge from liability in respect of any action as Joint Administrators to take effect immediately following our cessation to act as Joint Administrators.

CREDITORS' CLAIMS AND DIVIDEND PROSPECTS

Dividend prospects

	Owed (£'000)	Estimated future prospects
Secured Creditor - Faro Capital Ltd	27,357	shortfall
Preferential creditors - HMRC	454	Uncertain until investigation work completed
Preferential creditors - employees	Nil	Nil
Unsecured creditors	10,471	Nil
Estimated Net Property	Nil	Nil
Estimated 'Prescribed Part' available for creditors	Nil	Nil

HMRC Crown Preference

As a result of changes to the legislation, for insolvencies effective on or after 1 December 2020, HMRC will now receive secondary preferential status for monies owed to HMRC relating to VAT, PAYE, employee national insurance contributions, construction industry scheme deductions and student loan repayments. HMRC will rank in priority to any Qualifying Floating Charge Holder (QFCH) and unsecured creditors.

Prescribed Part

The 'Prescribed Part' is a statutory amount set aside for unsecured creditors from funds ('Net Property') available to a Qualifying Floating Charge Holder (QFCH). The amount of Net Property is calculated on a sliding scale up to maximum £800,000 depending on when the floating charge was created and whether or not it is a first ranking floating charge. Whilst there is a QFCH, it is estimated that they will receive no money from their floating charge and there is therefore no requirement to calculate the amount of the Prescribed Part.

Agreement of claims

Creditors' claims are usually only agreed if there is a likelihood of a dividend being made to that particular class of creditor.

As set out above, it is anticipated that a dividend may be paid to preferential creditors. The anticipated dividends set out above are subject to future realisations and no work has therefore been done as yet to agree preferential claims, other than that necessary for the purposes of admitting claims for voting, where applicable. Details of the time spent in relation to this work as set out in the attached time analysis.

If you have not already submitted a Proof of Debt a copy of the form can be obtained at <https://rsmuk.ips-docs.com> or by request to this office.

Creditors whose debts are treated as a small debt in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of debt if they wish to vote. Rule 14.31(1) states that Office Holders may treat a debt, which is a small debt according to the accounting records or the statement of affairs of the company, as if it were proved for the purposes of paying a dividend. Small debts are defined in Rule 14.1(3) as a debt (being the total amount owed to a creditor) which does not exceed £1,000.

Dividend payments

The timing of any future dividend to preferential creditors is dependent on future realisations. Further information regarding any potential dividend payment will be made in due course.

Creditor communication

The following work was done in the period to comply with legislation, best practice and to ensure creditors were kept informed. It is also necessary to enable a dividend to be paid

- dealing with communication with creditors;
- maintenance of schedules of creditors' claims;
- Agreeing employee claims, submitting documents to, and liaising with, the Redundancy Payments' Service;
- liaising with, and report to, the secured creditor;
- calculation of the 'prescribed part'; and
- dealing with HMRC and crown set off.

Creditors will only derive an indirect financial return from this work on cases where a dividend has been paid. The time incurred in dealing with these matters during the period is set out in the attached post appointment analysis of time costs.

JOINT ADMINISTRATORS' FEES, COSTS AND EXPENSES

Guide to Administrator's fees and expenses

A Guide to Administrator's Fees, which provides information for creditors in relation to the fees and expenses of an Administrator, can be accessed at [under](#) 'general information for creditors'. A hard copy can be requested from this office by telephone, email or in writing. All fees, costs and expenses are subject to VAT.

Relevant Approving Body

The secured and preferential creditors will be the Relevant Approving Body responsible for approving the Joint Administrators' post appointment fee basis and, where applicable, 'Category 2' expenses and any outstanding pre-Administration costs. However, if a creditors' committee is established, this will be its responsibility and it will be the Relevant Approving Body.

Pre-administration costs

The payment of any unpaid pre-Administration costs as an expense of the Administration is subject to specific approval under the relevant legislation. They do not form part of the Joint Administrators' Proposals subject to approval under paragraph 53 of Schedule B1 to the Insolvency Act 1986.

The pre-appointment costs set out below remain unpaid. Approval for their payment will therefore be sought in due course from the Relevant Approving Body. Pre-Administration fees were incurred under a letter of engagement dated 28 July 2021 between RSM Restructuring Advisory LLP and the Company. This work further achieved the purpose of the Administration by generating a robust list of interested parties with a view to achieving a sale of the Company's business and assets. The fees were in connection with:

- Marketing the business and assets of the Company for sale and liaising with interested parties;
- Negotiating terms of the sale;
- Liaising with and reporting to key stakeholders, such as management, employees, secured creditors and certain unsecured creditors; and
- Preparing the business to enter Administration.

To whom due / paid	Basis	Total incurred (£)	Amount outstanding (£)
Joint Administrators' pre appointment fees	Time cost	90,702	15,702
Joint Administrators' 'Category 2' expenses		Nil	Nil
Joint Administrators' costs & 'Category 1' expenses			
Pinsent Masons LLP – Legal fees	Time costs	50,000	50,000
Pinsent Masons LLP – Legal disbursements		247	247
SIA Group / Metis Partners – Agents' fees	Fixed fee	7,000	7,000
IP Bid - Pre-pack marketing	Fixed fee	245	245
Ansarada – Data room access	Fixed fee	598	598
Subtotal costs & 'Category 1' expenses		58,090	58,090
Total		148,792	73,792

In respect of those pre-Administration costs that have already been paid, best practice requires that the following information is provided.

To whom due / paid	By whom paid	Relationship to company	Date paid	Amount (£)
Joint Administrators' pre-Administration fees	Company	N/A	17/09/2021 21/09/2021	65,000 10,000
Total				75,000

Post-appointment costs

Basis of fees

Insolvency legislation allows an Administrator to charge fees on one of, or a combination of, the following bases:

- as a percentage of the value of the property the Administrator has to deal with (percentage basis);
- the time spent by the Administrator or their staff on the administration of the case (time cost basis);
- as a set amount (fixed fee basis); or
- a combination of the above (mixed fee basis).

In this case, approval for post-appointment fees will be sought from the Relevant Approving Body calculated on a time cost basis. A fee estimate is attached which sets out the time expected to be incurred in dealing all aspects of the Administration for a total fee of £70,293 plus VAT. The fee estimate has been prepared for the life of the appointment. If fees are approved on the basis set out above, the total sum that the Joint Administrators can draw, without further approval, will be £70,293 plus VAT.

Fee scope and assumptions

The Joint Administrators' estimated fees are based on the attached scope and assumptions and reflects the work that is anticipated will be required. Should these prove to be inaccurate, additional costs may be incurred and the Joint Administrators may seek approval for additional fees.

Remuneration charged

Legislation requires that 'remuneration charged' is reported. Remuneration is charged when the work to which it relates is done.

As the fee basis has not yet been approved, remuneration charged cannot be calculated. No fees have been drawn to date.

However, as it is proposed that all fees will be calculated on a time cost basis, an analysis of time incurred in the period is attached. Time costs incurred since appointment total £11,957.

Further fee approval

The amount of fee that can be drawn, whether calculated on the basis of time in accordance with a fee estimate, or for a fixed amount or a percentage rate will be limited to that approved by the Relevant Approving Body. It cannot be either increased or the percentage rate changed, without the further approval of the Relevant Approving Body.

Expenses and professional costs

The total costs and expenses estimated to be incurred by the Joint Administrators are set out below together with details of those incurred in the period. Amounts incurred in the period may include estimates where actual invoices have not been received. Amounts paid to date are shown in the attached receipts and payments account.

Category 1 expenses

These comprise external supplies of incidental services specifically identifiable to the insolvency estate. They do not require approval of the Relevant Approving Body prior to being paid.

Type of expense	Total estimated (£)	Incurred in period (£)
Bond	85	85
Statutory advertising	95	95
Website fee	10	10
Postage	500	Nil
Total	690	190

Category 2 expenses

These are costs which are not capable of precise identification or calculation, or that may include an element of shared or allocated costs. Payments to outside parties that the Office Holder, firm, or any associate has an interest, are also treated as 'Category 2' expenses. These expenses require the specific approval of the Relevant Approving Body before being paid from the insolvency estate.

Approval for the payment of the 'Category 2' expenses, at the rates prevailing at the date they are incurred will be sought from the Relevant Approving Body prior to their payment. Details of the current rates are set out below.

Type of expense	Total estimated (£)	Incurred in period (£)
Mileage (42.5p per mile)	Nil	Nil
Tracker reports (£10 per report)	Nil	Nil
Subsistence (£25 per night)	Nil	Nil
Total	Nil	Nil

Other professional costs

The office holders retained the following advisers based on their experience and expertise. These costs are not subject to approval by the Relevant Approving Body. However, they are subject to review and approval by the Joint Administrators.

Party	Nature of advice	Total estimated (£)	Incurred in period (£)
Pincent Masons LLP	Legal advice	15,000	1,500
Clumber Consultancy	Pensions advice	350	Nil
Total		15,350	1,500

Creditors' right to information and ability to challenge fees, costs and expenses

Creditors have a right to request further information about fees or expenses (other than pre-Administration costs) and to challenge such fees or expenses. Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of fees or incurring of the expenses in question.

If you wish to make a request for further information it must be made in writing within 21 days of receipt of this report either by (i) any secured creditor or (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question).

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the fees charged, the basis fixed or expenses incurred by the Administrator are in all the circumstances excessive.



Gareth Harris
RSM Restructuring Advisory LLP
Joint Administrator

Gareth Harris and James Miller are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales

Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

The affairs, business and property of the Company are being managed by the Joint Administrators who act as agents of the Company and without personal liability

A. STATUTORY INFORMATION

Company information

Company name:	Origin Broadband Ltd			
Company number:	07486862			
Date of incorporation:	10 January 2011			
Trading name:	Origin Broadband Ltd			
Trading address:	Building 7, Callflex Business Park, Doncaster Road, Wath-upon-Deane, Rotherham S63 7EF			
Principal activity:	Telecommunications			
Registered office:	c/o RSM Restructuring Advisory LLP, Central Square, 5th Floor 29 Wellington Street, Leeds, LS1 4DL Previously: Building 7, Doncaster Road, Wath-Upon-Deane, Rotherham S63 7EF			
Previous company names:	None			
Directors:	Oliver Joseph Bryssau Andrew Paul Simpson			
Secretary:	None			
Shareholdings:		Par value (£)	No of shares (£)	Issued capital (£)
	Ordinary voting	0.01	106,800	1,068
	Ordinary B voting	0.01	657,257	6,573
	Deferred non voting	1.00	711,001	711,001
	Totals		1,475,058	718,642
Shareholders:	Origin Broadband Group Limited – 43,200 ordinary voting shares & 711,001 deferred non-voting shares Faro Capital Limited - 63,600 ordinary voting shares and 657,257 ordinary B voting shares			

Administration information

Court reference:	No 000431 of 2021	
Joint Administrators:	Gareth Harris and James Miller	
Date of appointment:	24 September 2021	
Appointor:	Directors' appointment	
Functions of Administrator(s):	The Joint Administrators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.	
Joint Administrators:	Primary office holder Gareth Harris RSM Restructuring Advisory LLP, Central Square, 5 th Floor, 29 Wellington Street, Leeds LS1 4DL 0113 285 5000 IP Number: 14412	Joint office holder James Miller RSM Restructuring Advisory LLP, Central Square, 5 th Floor, 29 Wellington Street, Leeds LS1 4DL 0113 285 5000 IP Number: 21290

B. ESTIMATED FINANCIAL POSITION

Origin Broadband Ltd Estimated Statement of Financial Position

	Book Value Mar-20 £	Estimate to Realise £	Notes
Assets subject to fixed charge	1,527	17,700,000	
Goodwill, IP & customer base	(12,028,429)	(27,356,882)	
Less: Faro secured debt			
Fixed charge surplus/(deficit)	(12,026,902)	(9,656,882)	Per allocation under sale agreement
Assets subject to floating charge	-	-	
Surplus from fixed charge	-	-	
Cash at bank	231,879	-	
Computers and fixtures & fittings	172,123	21,488	Per allocation under sale agreement
Debtors	4,168,138	30,000	Per allocation under sale agreement
Exchanges	1,193,028	32,102	Per allocation under sale agreement
Routers	620,592	71,410	
	6,385,760	155,000	
Funds Available for Preferential Creditors	<u>6,385,760</u>	<u>155,000</u>	
Preferential creditors			
HMRC		(454,377)	Based on Company's books and records
Funds available to Prescribed Part		-	
Unsecured creditors - trade		(10,470,504)	Based on Company's books and records
Estimated Deficiency regards unsecured creditors		(10,470,504)	
Estimated Dividend to Unsecured Creditors (p in the £)		Nil	

The Estimate Statement of Financial Position is subject to expenses of the Administration including professional fees

The total number of employee claims included in the above summary is NIL and the total of their claims in £NIL

RSM Restructuring Advisory LLP
Origin Broadband Ltd
Company Registered Number: 07486862
B - Company Creditors

Key	Name	Address	£
CT0000	707 Limited	Alexander House, Beacon Hill Business Park, Cafferata Way, Newark, NG24 2TN	95.45
CA0001	Arthur J Gallagher	St Georges House, 9 Drake House Crescent, Sheffield, S20 7HF	1,496.97
CA0002	AKIXI	AKIXI Ltd, Midland House, 117-119 High Street, Crawley, RH10 1DD	235.20
CB0000	Banana Kick	The Engine Room, Roundhouse Business Park, Graingers Way, Leeds, LS12 1AH	37,800.00
CB0001	BT	1st Floor, Crawley New Tech, Fleming Way, Crawley, RH10 9UY	35,621.43
CC0000	Cogent Communications	2 Temple Back East, Temple Quay, Bristol, BS1 6EG	15,319.10
CC0001	Connect IQ	Office 4, Ground Floor, 59 Adelaide Tanbo Drive, Durban North, 4051	11,093.12
CC0002	Charles Simon Associates	1-3 The Courtyard, Calvin Street, Bolton, BL1 8PB	10,800.00
CC0003	Cardlytics	10 York Rd, London, SE1 7ND	2,628.00
CC0004	Converted	1 Concourse Way, Sheffield, S1 2BJ	1,440.00
CC0005	Century Link Communications UK Ltd	7th Floor, 10 Fleet Place, London, EC4M 7RB	1,323.00
CD0000	Digital Ocean	DigitalOcean LLC, 101 Avenue of the Americas, 10th Floor, New York, NY 10013	244.08
CD0001	Deame Valley Printers	Old Doncaster Road, Wath-upon-Deame, Rotherham, S637EL	21.20
CE0000	Equifax LTD	6 Wellington Place, Leeds, LS1 4AP	2,676.00
CE0001	Entanet International Limited	Partnership House, Central Park, Telford, TF2 9TZ	869.12
CF0000	Fastpay Limited	Grosvenor House, Agecroft Enterprise Park, Agecroft Road, Manchester, M27 8UW	18,377.94
CF0001	Ford Lease	Oakwood Drive, Emersons Green, Bristol, BS16 7LB	92.16
CF0002	Faro Capital Limited	39 Sioane Street, London, England, SW1X 9LP	27,356,882.00
CG0000	Gamma Telecom Ltd	Kings House, Kings Road West, Newbury, RG14 5BY	13,505.59
CG0001	Genie Ventures	Carlyle House, Carlyle Road, Cambridge, CB4 3DN	528.00
CG0002	Gandi	Gandi International, 7 rue des Mérovingiens, L - 8070 Berrange, Luxembourg	76.96
CH0000	Hawk Incentives Limited	Westside, London Road, Herefordshire, HP3 9TD	13,800.00
CH0001	HM Revenue & Customs	HM Revenue & Customs, Benton Park View, Newcastle Upon Tyne, NE98 1ZZ	454,377.05
CI0000	IT Desk (UK) Ltd	2-6 Bamsley Road, Goldthorpe, S63 9NF	1,800.00
CI0001	ICUK Computing Services Ltd	Suite 5, Metropolitan House, 38-40 High Street, Croydon, CR0 1YB	1,196.40
CI0002	ISPA	69 Wilson Street, London, EC2A 2BB	882.00
CI0000	Lucid	Lucid Connect Ltd, 8 Clarendon Drive, Wymbush, Milton Keynes, MK8 8ED	11,070.00
CM0000	Mirai Tech Recruitment Limited	Mirai Tech Recruitment Limited, 68 Quay Street, Manchester, M3 3EJ	1,057.50
CN0000	Neigem UK LTD	Kingsway House, 103 Kingsway Street, London, WC2B 6QX	593,102.88

RSM Restructuring Advisory LLP
Origin Broadband Ltd
Company Registered Number: 07486862
B - Company Creditors

Key	Name	Address	£
CP0000	Protronics	Unit 35, iO Centre, Armstrong Road, London, SE18 6RS	872.16
CP0002	Portfast	7 Carter Knowle Road, Sheffield, S7 2DW	24.00
CR0000	Robert Walters Group	11 Slingsby Place, St Martin's Courtyard, London, WC2E 9AB	11,160.00
CR0001	RIPE NCC	Stationsplein 11, 1012 AB, Amsterdam	118.53
CS0000	Star Europe Limited	Telehouse North, Star Suite 3rd Floor, 1 Coriander Avenue, London, E14 2AA	15,580.91
CS0001	Selectra SARL	66 rue Sébastien Mercier, Paris Ile-de-France 75015, Paris, 75015	3,140.00
CS0002	Salesforce.com EMEA Ltd	Floor 26, Salesforce Tower, 110 Bishopsgate, London, EC2N 4ay	842.80
CS0003	Stratagem Intellectual Property Management Ltd	Mendian Court, Comberton Road, Toft, Cambridge, CB23 2TY	729.29
CS0004	Strategic Imperatives Limited	Birch House, Fairfield Avenue, Staines, TW18 4AB	355.50
CT0000	TalkTalk Business	PO Box 674, Salford, M5 0NJ	368,218.02
CT0001	TMA Solutions	111 Nguyen Ding Chinn, Phu Nhuan Dist	35,811.16
CT0002	TRADEDOUBLER	TRADEDOUBLER LTD, 90 High Holborn, 4th floor, Holborn, London, WC1V 6LJ	9,765.30
CT0003	TRUSTPILLOT	Unit 9, Yorkshire Way, Armthorpe, Doncaster, DN3 3FB	2,982.00
CT0004	The Crown Hotel Bawtry	Market Place, High Street, Bawtry, DN10 6TJ	1,270.10
CU0000	Utility Switchboard	71-75 Shelton Street, Covent Garden, London, WC2H 9JQ	5,304.00
CV0000	VODA (INTERCONNECT) - 9606184	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	5,848,245.13
CV0001	Vodafone Limited - (WLR) 5055657	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	3,311,129.17
CV0002	VODAFONE (TRANSIT) - 9601808	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	53,877.00
CV0003	VENATU	Keepmoat Stadium, Enterprise Zone Reception, Stadium Way, Doncaster, DN4 5JW	12,729.32
CV0004	Vodafone - (Ethernet) 13920376	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	7,997.20
CV0005	Virgin Business	Virgin Media Business, Communications House, Chippingham Street, Sheffield, S9 3SE	2,420.04
CZ0000	Zayo Group UK Ltd	Hamsworth House, 13-15 Bouverie Street, London, EC4Y 8DP	780.00
51 Entries Totalling			38,281,762.78

RSM Restructuring Advisory LLP
Origin Broadband Ltd
B1 - Company Creditors - Employees & Directors

Key	Name	Address	Pref £	Unsec £	Total £
0 Entries Totalling			0.00	0.00	0.00

RSM Restructuring Advisory LLP
Origin Broadband Ltd
Company Registered Number: 07486862
B2 - Company Creditors - Consumer Creditors

Key	Name	Address	£
0 Entries Totalling			0.00

C. RECEIPTS AND PAYMENTS SUMMARY FOR THE PERIOD 24 SEPTEMBER 2021 TO 30 SEPTEMBER 2021

	Fixed Charge £	Floating Charge £	Total £
INCOME			
Goodwill, IP & customer base	17,700,000.00		17,700,000.00
Computers		15,330.00	15,330.00
Furniture		6,158.00	6,158.00
Routers		71,410.00	71,410.00
Exchange Equipment		32,102.00	32,102.00
Debtors		30,000.00	30,000.00
	17,700,000.00	155,000.00	17,855,000.00
EXPENDITURE			
Faro Capital Limited	17,640,000.00		17,640,000.00
	17,640,000.00	0.00	17,640,000.00
Balance	60,000.00	155,000.00	215,000.00
MADE UP AS FOLLOWS			
Funds With Solicitors			215,000.00
			215,000.00

D. FEE ESTIMATE, SCOPE AND ASSUMPTIONS

	Staff Grade						Total Hours	Total Cost (£)	Average Hourly Rate (£)
	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants / Support Staff			
Change out rates as at 30 September 2021	£525	305 - 405	250 - 270	£250	175-235	130-150			
Budgeted hours									
	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants / Support Staff	Total Hours	Total Cost (£)	Average Hourly Rate (£)
STATUTORY REQUIREMENTS									
Appointment & SoA	1.0	2.5	-	3.0	-	11.0	17.5	3,658	209
Case Management	-	-	-	-	1.0	2.0	3.0	485	162
Administrators' Proposals	2.0	6.0	-	12.0	-	-	20.0	6,000	300
Fee approval requests (court, creditors, committee)	1.0	3.0	-	5.0	-	5.0	14.0	3,465	248
Preparing progress & final reports (inc. R&Ps)	1.0	-	-	4.0	-	6.0	11.0	2,305	210
SIP 16 statement	0.5	1.5	-	-	-	-	2.0	795	398
Creditors/shareholders decisions, meetings & reports	4.5	10.5	-	21.0	-	11.0	47.0	12,565	267
Pension scheme	0.2	0.5	2.0	2.0	-	3.0	7.7	1,693	220
Taxation	-	1.0	-	1.0	3.0	3.0	8.0	1,625	203
Statutory Requirements Total	5.7	14.5	2.0	27.0	4.0	30.0	83.2	20,025	241
REALISATION OF ASSETS									
- FIXED CHARGE ASSETS	see appendix (i) for breakdown								
	3.0	2.0	-	8.0	-	7.0	20.0	5,145	257
- FLOATING CHARGE ASSETS									
Assets general - other	-	1.0	-	2.0	-	4.0	7.0	1,385	198
Realisation of Assets Total	3.0	3.0	-	10.0	-	11.0	27.0	6,530	242

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	Staff Grade					
	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants / Support Staff
Charge out rates as at 30 September 2021	£525	305 - 405	250 - 270	£250	175-235	130-150

		Budgeted hours							
	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants / Support Staff	Total Hours	Total Cost (£)	Average Hourly Rate (£)
ADMINISTRATION AND PLANNING									
Appointment & SoA	-	-	-	3.0	-	2.0	5.0	985	197
Case Management	2.5	-	-	8.5	3.0	20.0	34.0	6,725	963
Cashiering	1.5	-	-	4.0	9.0	5.0	19.5	4,273	219
Administration & Planning Total	4.0	-	-	15.5	12.0	27.0	58.5	11,983	205

Total Hours	23.7	36.5	4.0	99.5	22.0	114.0	299.7		
Total time costs	£12,443	£12,958	£1,040	£23,383	£4,510	£15,960	£70,293		
Average hourly rate	£525	£385	£260	£235	£205	£140	£235		

Activity	Scope and assumptions for work proposed to be done
Statutory Requirements	<p>Work that must be carried out in order to comply with statutory requirements imposed by the insolvency legislation.</p> <p>This includes filing and advertising of appointment documents, assisting the directors with the production of Statement of Affairs, filing of the Statement of Affairs, submission of VAT and pre and post appointment corporation tax returns, pension queries and dealing with the winding up of pension schemes, preparation of progress reports and dealing with any committee appointed.</p> <p>The budget assumes that the Company's records are up to date, that no creditors' committee is appointed and that the case can be concluded in 12 months.</p>
Realisation of assets	<p>Fixed Charge Assets</p> <p>All aspects of the realisation of assets including identifying, securing and insuring property and chattels.</p> <p>Sale of the business including dealing with ongoing matters arising from the Business Purchase Agreement such as novation of relevant contracts.</p> <p>The budget assumes there will be no legal action required to realise these assets and that the Office Holders receive full co-operation of directors and that no contentious matters arise.</p> <p>The budget also assumes that there are no environmental and/or health & safety issues.</p> <p>Floating Charge Assets</p> <p>All aspects of the realisation of assets including, where applicable, identifying securing and insuring assets such as cash at bank, pre-appointment corporation and capital gains tax or VAT refunds, disclaiming any property if appropriate. Recovering any directors' loan accounts and antecedent transactions, such as preferences, void dispositions or transactions at undervalue.</p> <p>Arranging valuations and instructing agents to dispose of assets in accordance with relevant legislation.</p> <p>The budget assumes there will be no contentious matters.</p>
Investigations	<p>Collection and review of the Company's records in order to identify any potential or actual asset recoveries, antecedent transactions, transactions at under value or voidable dispositions.</p> <p>Reporting to the Department of Business Energy and Industrial Strategy on the conduct of the directors.</p>
Case specific matters	Ongoing legal advice associated with the Business Purchase Agreement and asset recoveries.
Creditors	Includes dealing with creditor queries, agreement of preferential claims, and distributions to preferential creditors.
Administration and planning	<p>Work that must be carried out in order to deal with the administration of the case. This includes handling of receipts and payments, case planning and strategy, reviews against strategy, dealing with redirected mail, liaising with the Company's directors and shareholders, and case closure formalities.</p> <p>The budget assumes that the case can be concluded in 12 months.</p>

Fee budget (appendix ii)

	Staff Grade												
	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants / Support Staff							
Charge out rate at 30 September 2021	£525	305 - 405	250 - 270	£250	175-235	130-150							
FIXED CHARGED ASSETS ONLY							Budgeted hours						
	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants / Support Staff	Total Hours	Total Cost	Average Hourly Rate				
Other major sale of business issues	3.0	2.0	-	8.0	-	7.0	20.0	5,145	257				
Sale of Business	3.0	2.0	-	8.0	-	7.0	20.0	5,145	257				
Stock & WIP	-	-	-	-	-	-	-	-	-				
Total c/f	3.0	2.0	-	8.0	-	7.0	20.0	5,145	257				

E. POST-APPOINTMENT TIME ANALYSIS

Joint Administrators' post appointment time cost analysis for the period 24 September 2021 to 30 September 2021

Hours Spent	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
Statutory Requirements									
Appointment & SoA	0.0	3.2	0.0	0.0	5.8	0.0	9.0	£ 1,990.00	221.11
Creditors/shareholders decisions, meetings & reports	0.0	10.7	0.0	0.0	15.5	0.0	26.2	£ 7,387.50	281.97
Total	0.0	13.9	0.0	0.0	21.3	0.0	35.2	£ 9,377.50	266.41
Realisation of Assets									
Hire purchase/leasing creditors	0.0	0.4	0.0	0.0	0.0	0.0	0.4	£ 140.00	350.00
Sale of business	0.0	1.0	0.0	0.0	0.7	0.0	1.7	£ 455.00	267.65
Total	0.0	1.4	0.0	0.0	0.7	0.0	2.1	£ 595.00	283.33
Creditors									
Unsecured Creditors	0.3	0.5	0.0	0.0	1.5	0.0	2.3	£ 557.50	242.39
Total	0.3	0.5	0.0	0.0	1.5	0.0	2.3	£ 557.50	242.39
Administration and Planning									
Appointment & SoA	0.0	0.0	0.0	0.0	0.3	0.0	0.3	£ 45.00	150.00
Case Management	0.0	1.8	0.0	0.0	3.2	0.0	5.0	£ 1,135.50	227.10
Cashiering	0.0	0.2	0.0	0.0	0.8	0.0	1.0	£ 246.00	246.00
Total	0.0	2.0	0.0	0.0	4.3	0.0	6.3	£ 1,426.50	226.43
Total Hours	0.3	17.8	0.0	0.0	27.8	0.0	45.9	£ 11,956.50	260.49
Total Time Cost	£ 157.50	£ 6,230.00	£ 0.00	£ 0.00	£ 5,569.00	£ 0.00	£ 11,956.50		
Average Rates	525.00	350.00	0.00	0.00	200.32	0.00	260.49		

F. PRE-ADMINISTRATION TIME ANALYSIS

Hours Spent	Partners	Directors / Associate Directors	Managers	Associates	Executives & Analysts	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
Statutory Requirements	Appointment documentation (statutory)	0.1	2.2	0.0	0.0	0.0	2.3	£ 822.50	357.61
	Meetings/corres/tel	0.0	0.5	0.0	0.0	0.0	0.5	£ 175.00	350.00
									356.25
	Clearance / closure / other matters	0.0	4.6	0.0	0.0	0.0	4.6	£ 1,426.00	310.00
	Pre-appointment VAT & Tax returns	0.0	2.3	0.0	0.0	0.0	2.3	£ 713.00	310.00
									310.00
	Total	0.1	9.6	0.0	0.0	0.0	9.7	£ 3,136.50	323.35
	Realisation of Assets								
Goodwill/intellectual property	0.0	0.9	0.0	0.0	0.0	0.9	£ 315.00	350.00	
								350.00	
Agent liaison	0.0	0.2	0.0	0.0	0.0	0.0	0.2	£ 70.00	350.00
								350.00	
Debt collection	0.0	0.3	0.0	0.0	0.0	0.0	0.3	£ 105.00	350.00
								350.00	
Other major land & property issues	0.0	0.2	0.0	0.0	2.0	0.0	2.2	£ 370.00	168.18
								168.18	

	Meetings/corres/tel	0.0	2.2	0.0	0.0	0.0	0.0	0.0	2.2	£ 770.00	350.00
											350.00
	Correspondence/tel	0.9	2.7	0.0	0.0	0.0	0.0	0.0	3.6	£ 1,417.50	393.75
	Priority / petitioning creditors	0.0	1.2	0.0	0.0	0.0	0.0	0.0	1.2	£ 420.00	350.00
											382.81
Total		0.9	6.1	0.0	0.0	0.0	0.0	0.0	7.0	£ 2,607.50	372.50
Administration and Planning											
	Billing	0.0	0.3	0.0	0.0	0.0	0.6	0.0	0.9	£ 200.00	222.22
	Communication with Joint office holder	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9	£ 472.50	525.00
	Diary updates / checklists	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5	£ 75.00	150.00
	Filing	0.0	1.7	0.0	0.0	0.0	0.0	0.0	1.7	£ 595.00	350.00
	Ongoing case planning/strategy	3.4	15.6	0.0	0.0	0.0	5.7	0.0	24.7	£ 8,138.00	329.47
											330.33
conflict	Client take on evaluation, ethical,	2.1	3.0	0.0	0.0	0.0	2.9	0.0	8.0	£ 2,592.50	324.06
	& money laundering checks										
	Liaison with accountants/solicitors	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2	£ 70.00	350.00
company	Meetings/corres/tel - directors /	0.0	1.6	0.0	0.0	0.0	0.4	0.0	2.0	£ 620.00	310.00
	officers / debtors / bankrupts										
											321.81
Total		6.4	22.4	0.0	0.0	0.0	10.1	0.0	38.9	£ 12,763.00	328.10
Total Hours		32.0	174.2	0.0	0.0	0.0	82.8	0.0	289.0	£90,701.50	313.85
Total Time Cost		£ 17,200.00	£ 60,908.50	£ 0.00	£ 0.00	£ 0.00	£ 12,593.00	£ 0.00	£ 90,701.50		
Average Rates		537.50	349.65	0.00	0.00	0.00	152.09	0.00	313.85		

G. SIP 16 STATEMENT

Origin Broadband Ltd In Administration (**'the Company'**)
SIP 16 STATEMENT

Rationale for a Pre-Pack sale

In accordance with Paragraph 3 to Schedule B1 of the Insolvency Act 1986, the Administrators intend to pursue the statutory objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). It is the view of the Administrators: that the transaction enables the statutory purpose to be achieved; the sale price achieved is the best reasonably obtainable in all the circumstances; it should keep costs of the Administration to a minimum; and provide the best possible return to creditors.

Background

The Company was incorporated in January 2011 as a reseller of the European Union funded 'South Yorkshire Digital Region' and initially acquired 50 unbundled exchanges, originally targeting business to business connections. It subsequently developed into a consumer broadband operation (providing bundled packages across the UK) employing c100 full time employees from its leasehold premises in Rotherham.

Faro Capital Limited ('Faro'), a private equity investment company, is the sole shareholder of the Company's holding company, Origin Broadband Group Ltd, and are the Company's only secured creditor holding fixed and floating charges. The Company has two registered Directors, who are both UK based. Origin Broadband Group Ltd was purely a holding company and did not trade.

The Company initially accessed EIS funding from 2016 to 2018 and grew its customer base to c40,000 customers. In common with many competitors at the time, the Company encountered issues with customer churn, low average revenue per customer and bad debts leading to a contraction in the customer base.

Faro acquired the Company in November 2018 and has invested c£25m to date since its original investment, which addressed legacy liabilities of c£4m through placing the Company into a Company Voluntary Arrangement, which it has since successfully exited. After the initial investment, further funds were introduced by Faro to grow the customer base from c20,000 to c80,000 customers (at the date of appointment) and fund ongoing losses (as detailed in the 'financial position' section of this document).

Management has always been aware of the Company's reliance on continued investment from Faro to be able to continue operating on a going concern basis during the Company's last few years of trading. RSM Restructuring Advisory LLP ('RSM') were first introduced to the Company in February 2021 by Faro and was engaged by the Company (not Faro) at that time to review forecasts and provide assistance with preparation of a data book. This data book, together with an information memorandum, was intended to support communication with potential investors. This was completed by Mid-April 2021 and RSM were paid £31k plus VAT for this phase of work.

As part of the work referenced above Management had identified that the Company should be at a break-even point (in respect of cash-flow) with a customer base of c85,000. However, RSM's initial phase of work highlighted that this was unrealistic.

RSM were subsequently engaged for a phase 2 piece of work in April 2021, to carry out market research into potential investors and to discuss the results of this with Management in terms of best route to market. This included internal conversations with Corporate Finance and Debt Advisory. The result of these discussions identified potential debt funds who may have been interested in supporting the business subject to the inclusion of a mandatory purchase option in the Company's main supplier contract (i.e. the debt funds collateral to exit). At this time negotiations were ongoing with the Company's main supplier regarding contract renewal and these terms were still yet to be agreed as at the date of appointment. Time costs were minimal for this phase and RSM therefore agreed not to raise an invoice.

Investment via debt funds was the preferred option at this stage for Faro as they remained optimistic of the five-year expansion strategy (i.e. significant growth of customer base but at material cost) generating a significant return. However, they were reviewing the investment on a monthly basis as

they were becoming increasingly concerned about the Company's financial performance (in particular the level of cash consumption).

During the period from May to July 2021 the Company consumed cash of c£500k per month from a customer base of c80,000. This indicated that the Company was much further away from the break-even point in terms of customer numbers than Management initially indicated of 85,000. The cash consumption is mainly as a result of disappointing customer retention, which then requires the purchase of replacement customers to maintain or grow a customer base of c80,000 customers.

Faro concluded that it could not continue funding the business at the current rate of cash consumption and therefore in its current form. Management therefore held initial discussions with its main supplier (in accordance with the supply contract) regarding a potential sale of the Company. The main supplier confirmed that they were not interested in purchasing at this time (July 2021).

RSM was therefore engaged by the Company on 28 July 2021 to undertake an accelerated sale process of the business (in whole or part). Further details of the marketing and sale process are provided later in this document, including the levels of interest received.

As a result of no further funding being available from Faro or any other source the Company was insolvent on both a cash flow and balance sheet basis. The Directors of the Company therefore also engaged RSM on 28 July 2021 to assist them in placing the Company into Administration. On the basis of the information that was available to RSM, we considered that the Company's financial circumstances were such that an Administration was an appropriate option for the Directors to consider. The main reason for this being that there was no additional funding available and following a period of marketing the business for sale prior to their appointment, the Administrators would be able to affect a sale of the business and assets of the Company immediately following their appointment, in order to maximise realisations for the creditors of the Company. We do not consider that our engagement impacts our independence or ethics when accepting the appointment as Administrators given the one-off nature of this assignment.

The following charges, with an estimate of amounts due (excluding interest), are registered against the Company.

Name	Date Created	Date Registered	Type of Charge	Amount Due (est.)
Faro Capital Limited	28 May 2021	9 June 2021	Fixed and floating	£24,696,041 capital and £2,660,841 of interest
Faro Capital Limited	26 October 2018	15 November 2018	Fixed and floating	As above

Financial Position

Relevant extracts from the Company's management accounts are summarised below.

Period ended	FY18 £'000	FY19 £'000	FY20 £'000	FY21 Outturn £'000
Turnover	8,287	7,456	7,591	16,451
Gross profit/(loss)	(357)	26	(275)	(5,462)
EBITDA	(7,467)	(5,939)	(6,140)	(9,332)
Dividend paid	-	-	-	-

Initial Introduction

As noted previously, RSM Restructuring Advisory LLP ('RSM') were first introduced to the Company by Faro in February 2021 and undertook an engagement for the Company to review forecasts and provide assistance with preparation of a data book. This data book was intended to support communication with potential investors and agree with Management what information a potential investor would want to see (i.e. information memorandum and supporting documents). This was completed by mid-April 2021 and RSM were paid £31k for this phase of work.

As part of phase 1, Management had identified that the Company should be at a break-even point (in terms of cash-flow) with a customer base of c85,000. However, our phase 1 work highlighted this was unrealistic.

RSM were subsequently engaged for a phase 2 piece of work in April 2021, to carry out market research into potential investors and to discuss the results of this with Management in terms of best route to market. This included internal conversations with Corporate Finance and Debt Advisory. The result of these discussions identified potential debt funds who may have been interested in supporting the business subject to the inclusion of a mandatory purchase option in the main supplier's contract (i.e. the debt funds collateral to exit). At this time negotiations were ongoing with the main supplier regarding contract renewal and these terms remained unagreed up to the date of appointment. Time costs were minimal for this phase and RSM therefore agreed not to raise an invoice.

A member of the Leeds Restructuring team has undertaken a part time 6-week secondment to the Company to carry out specific financial and data analysis into customer churn. The work produced during this secondment was not used for the purposes of the sale process. The secondment ended prior to the commencement of the accelerated sale process and RSM were paid £15k plus VAT for this secondment.

Please note that the Administrators' role in the pre-appointment period, in relation to the pre-packaged sale, was to advise the Company and not the Directors in their personal capacity, or any parties connected with the purchaser, in connection with the transaction. When considering any sale or disposal of the Company, its business or assets, the Administrators must perform their functions in the interests of the Company's creditors as a whole. However, where the objective is to realise property in order to make a distribution to secured or preferential creditors, the Administrators have a duty to avoid unnecessarily harming the interests of creditors as a whole.

Options Considered

The following alternative options were considered:

Additional funding from current shareholders or third parties

As referenced earlier in this document, Faro were not willing to continue investing further funds into the Company post August 2021 due to the poor financial performance and significant cash consumption. Additional finance has been sought but adaptations (as referenced previously in the background section of this document) to the main supplier contract would have been required as part of any deal to introduce new funds into the business from a new finance provider. None could therefore move quickly enough to enable a solvent solution.

Company Voluntary Arrangement or Restructuring Plan

The option of a CVA or Restructuring Plan was also discussed with both Management and Faro. However, the Company does not currently generate profits to fund monthly contributions to a CVA and Faro were not willing to provide a bullet payment to fund a CVA process.

Trading Administration

Consideration was also given to whether it would be more appropriate to trade the business and offer it for sale as a going concern during the Administration. However, this was not an option due to the losses being incurred by the business and no party willing to fund an extended trading period.

The cost of trading whilst 'in Administration' would also be significantly higher than the costs associated with marketing the business via an accelerated sale process.

Shut-down insolvency / Liquidation

This process would have been to the detriment of creditors for the following reasons:

- The Company's most valuable assets were its intellectual property and goodwill (including its customer base). As per the professional valuation advice (detailed later in this document), these assets would realise considerably less in a shut-down 'ex-situ' scenario than on a going-concern 'in-situ' scenario. This would have also been a protracted process likely resulting in a very significant loss of customers and therefore value, as well as incurring additional cost.
- All employees would be made redundant in this scenario, resulting in preferential claims for unpaid wages and holiday payments, together with unsecured redundancy and notice pay claims. The landlord's claim would have also been higher due to no purchaser to take on the property. This compares to a pre-packaged sale scenario, which was anticipated to have lower employee and landlord claims.
- The overall cost of managing the shut-down of the business and handing the premises back to the landlord could be greater than the costs associated with a going concern sale.
- The shut-down scenario was estimated to provide a materially lower return to the secured creditor based on the valuation advice received.

Pre-packaged Administration sale

Faro continued to provide funding for critical supplier payments from the date of RSM's engagement on 28 July 2021 to carry out an accelerated sale process up to the date of appointment of Administrators.

The Directors concluded that pursuing a strategy of a pre-packaged sale in Administration, rather than immediately closing down the Company, was the most appropriate course of action to maximise the return to creditors in the circumstances.

In comparison to the above possible shut down scenario, the transaction which took place on 24 September 2021 has several advantages, including:

- Continuity of service will be supplied to the customers;
- Creditors' claims will be reduced significantly as the contracts of all employees have transferred to the purchasing entity, therefore saving all jobs;
- The sale has realised significantly more for the Company's intellectual property and goodwill (including its customer base) than would have been realised in a shut-down scenario; and
- The secured lender is expected to be repaid c£17.6m in this scenario, compared to an estimated return of c£228k in a shut-down scenario described above.

Please note that the terms of the pre-packaged sale are detailed later in this document.

Consultation with Creditors

The Company's only secured creditor, Faro, is connected to the offering party, so whilst being kept informed of progress, was only provided by us with the same information as any other interested party. Faro was therefore fully aware of the approach and transaction, and was supportive.

The Company's major unsecured creditor, Vodafone Group Plc, representing 88% of unsecured claims was consulted with in the prior weeks leading up to the appointment, to ensure supplies to the Company continued, as the Company could not have continued to provide services to its customers without Vodafone's supply. The Directors agreed a short term supply agreement with Vodafone to ensure they were paid for the services provided during the period of the accelerated sale process up to the appointment date of Administrators. Vodafone did not raise any objections to the transaction.

The Company's second largest unsecured creditor, Netgem UK Ltd, representing 5% of unsecured claims was consulted with in the prior weeks leading up the appointment, in an attempt to ensure TV supplies to the Company continued. Unfortunately, commercial terms of continuation of supply could

not be agreed between the Directors and Netgem, although discussions are expected to continue to take place following the transaction on 24 September 2021.

Other (unsecured) creditors were not consulted with due to the potential damage to the business whilst the prospect for the sale of the business was explored.

Marketing of the Business and Assets

The business and assets of the Company were initially marketed on 6 August 2021 with a deadline for expressions of interest of 18 August 2021 and a deadline for offers of 25 August 2021. This was considered an appropriate length of time because it was sufficiently long enough for interested parties to identify themselves, whilst balancing the key aspects of the business and ensuring the value of assets were not affected by delaying the appointment of Administrators. In particular, the Company's cash resources and the loss-making nature of the business meant the period of marketing could not be significantly longer.

The marketing campaign undertaken ensured that the opportunity reached a wide audience within a short period of time targeting those who may have had an interest in acquiring the business.

An anonymised 'Project Purple' teaser inviting interest in the business was issued to the following targets on 6 August 2021:

- 89 parties from RSM's accelerated marketing database, this included a range of private equity firms and financial investors, with experience of turnaround / distressed investments;
- 77 trade parties and competitors identified as potentially relevant by RSM research and suggestions by Management; and
- RSM issued the opportunity internally amongst the firm's Directors and Partners across all disciplines nationally.

On 6 August 2021, RSM also posted the opportunity online via the IP-BID.com marketplace, this generated the interest of a further 22 interested parties (included within the numbers above).

In total, RSM therefore sought to engage directly with 166 parties.

Following the above, of the 166 parties contacted, 22 signed a non-disclosure agreement. A comprehensive information memorandum ('IM') had previously been prepared by the Company and with the assistance of RSM it was adapted for the purpose of an accelerated sale process. The IM and a relevant information pack was promptly issued to the 22 parties who had returned a signed NDA.

The information pack that accompanied the IM contained the following information:

- Management accounts for FY21;
- Up to date asset register; and
- Employee information (redacted appropriately).

Of the 22 parties who received the IM and information pack, 4 parties expressed a continued interest and continued discussions with RSM and in several instances sought access to the Company's Management team to further understand the business.

The media and marketing strategy adopted is considered appropriate because a total of 166 parties across a range of sectors have been presented with the opportunity over the market period. As such, we are satisfied that the opportunity has been marketed widely enough to be picked up by any party who may have been seriously interested in acquiring the business.

Reflection

The Administrators consider that compliance with the marketing essentials prescribed by SIP 16 can be summarised as follows:

- Broadcast – the opportunity was broadcast to a wide audience. As detailed above, the teaser was sent to trade parties and financial / private equity firms as well as being distributed widely within RSM and advertised on a well-respected third-party business for sale platform.

- Justify the marketing strategy – the strategy undertaken has been tested on previous accelerated sale processes resulting in successful sales. The strategy generated serious interest from 4 parties and resulted in competing bids from three parties.
- Publicise rather than simply publish – the time allowed for the marketing process and the submission of offers was restricted owing to the pressure from the creditors and the cash flow / working capital constraints described in this report. However, the opportunity was sent to a wide range of potential buyers who were known to be acquisitive of distressed businesses and it was also sent to the Company's competitors.
- Connectivity – given the restricted marketing period, email advertisement was deemed to be the most appropriate primary marketing tool. However, this was accompanied by the advertisement on IP-BID.com and verbal communication between RSM and the interested parties.
- Statutory purpose – in view of the higher realisations achieved, the expected return to secured creditors compared to a break-up scenario and reducing preferential claims via the transfer of employees, the statutory purpose can be achieved of 'achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration)'.

Valuation of the Business and Assets

Metis Partners undertook the valuation of the Company's intellectual property and goodwill (including the customer base). The valuer used is qualified by experience with over ten years' experience in valuing businesses within pre-pack and insolvency processes. Metis Partners confirmed they have considered their independence prior to accepting any instruction, and that they hold adequate professional indemnity insurance.

Mark Rowlands of SIA Group undertook the valuation of the Company's chattel assets on a desk-top basis in view of the high quality of the asset registers held by the Company. The valuer holds the ASA qualification and is experienced in valuing businesses within pre-pack and insolvency processes. SIA Group confirmed they have considered their independence prior to accepting any instruction, and that they hold adequate professional indemnity insurance.

RSM Restructuring Advisory LLP operates an 'agent's panel', which requires agents to confirm they have considered their independence prior to accepting any instruction, and that they hold adequate Professional Indemnity Insurance.

Valuations are commonly undertaken on 'ongoing, in-situ or ex-situ' bases. These terms are explained below.

Going-Concern	assets remain in existing location and are valued on a 'continuing use' basis
In-situ	assets remain in existing location, but 'continuing basis' not taken into account
Ex-situ	assets valued as individual items for removal, also known as 'break up' basis e.g. the assets will not be used to continue the business in existing location.
Profit / Revenue Based	'enterprise' valuation based on a multiple of future turnover, earnings or profit

The business and assets were valued on an in-situ and ex-situ basis. This provided the Administrators with a benchmark against which offers could be compared. The in-situ valuation is based on the Company's most recent management accounts.

	In-Situ (£)	Ex-Situ (£)
Fixed Assets		
Goodwill, intellectual property and customer base	544,000 – 710,000	269,000 – 436,000
Floating Charge Assets		
Computers	117,000	57,500
Exchange Equipment	245,000	80,000
Furniture	47,000	17,000
Routers	545,000	0
Total	1,498,000 – 1,664,000	423,500 – 590,500

Offers Received

The original teaser document sent to potential purchasers stated a deadline for expressions of interest of 12 noon on 18 August 2021 and a deadline for offers was later set at 12 noon on 25 August 2021. As referenced earlier in this document, expressions of interest were received from four parties, with whom non-disclosure arrangements were put in place. Three offers were subsequently received for the Company's business and assets, and discussions entered into with these parties by the Administrators. Those parties were provided with a further 4 weeks to carry out their required due diligence from 25 August 2021 up to the date of appointment.

The purchasing party's offer was significantly higher than any other offer received. RSM conducted follow-up conversations with all parties to provide an opportunity for them to improve their offer. However, no improved offers were received following this process other than from the purchaser who improved their offer by £4,625,000.

A decision was therefore taken to accept an offer from OB Telecom Limited ('OB Telecom') in the sum of £17,855,000. The reason for accepting this offer, rather than any others was that this offer was materially higher than any other offer and it represented a better outcome for creditors than a Liquidation of the Company would achieve for the relevant assets. It also preserves all jobs and continuity of supply to customers.

The apportionment of sale consideration is set out below. Fixed charge assets achieved more than anticipated because OB Telecom were willing to pay more than the valuation received (which at the time was of course confidential).

The Transaction

The business and assets, as set out below, of the Company were sold to OB Telecom on 24 September 2021. OB Telecom is connected to the Company by virtue of a common shareholder and secured creditor of the Company, Faro Capital Limited ('Faro') and a common senior employee / Director in Andrew Simpson. Faro own 100% of the share capital of OB Telecom. The purchaser was independently advised by Gateley Plc. The purchasing entity therefore sought an Evaluator's report from Johnny Abraham of J9 Advisory Limited and the outcome of this report is set out in the following section of this document.

The Administrators understand that Andrew Simpson will be involved in the management of the purchasing entity but will not be a registered Director at the date of sale.

Faro Capital holds 100% of the Shareholding of Origin Broadband. It also provides Origin Broadband with its loan facility which is secured by way of fixed and floating charges. It is also 100% shareholder of OB Telecom, in which it will by way of a debt reassignment, be providing a £17,640,000 funding facility.

Iain William Torrens is a former Director of Origin Broadband Group Ltd which was until May 2021 a 51% shareholder of the Company. He is a Director of Faro Capital, which is now 100% shareholder of the Company. He is also a Director of OB Telecom.

Allan Samuel Aldridge is a former Director of Origin Broadband Group Ltd, which was until May 2021 a 51% shareholder of the Company. He is CFO of Faro Capital, which is now 100% shareholder of the Company. He is also a Director of OB Telecom.

Michael Spencer is the ultimate beneficial owner of Faro Capital, and therefore the Company and OB Telecom.

The sale consideration is apportioned as follows:

	Apportionment of Consideration (£)
Fixed Assets	
Goodwill, intellectual property and customer base	17,700,000
Floating Charge Assets	
Computers	15,330
Debtors	30,000
Exchange Equipment	32,102
Furniture	6,158
Routers	71,410
Total	£17,855,000

The Administration estate has received £215,000 (£60,000 and £155,000 as cash by way of payment for the fixed and floating charge assets) on completion from OB Telecom and Faro has rolled £17,640,000 of secured debt in their capacity as fixed charge holder into OB Telecom. Faro's claim in the Administration as a secured creditor has therefore reduced by £17,640,000. The Administrators have received legal advice confirming Faro's fixed charge is valid and that the goodwill and intellectual property (including the customer base) realised is captured by Faro's fixed charge.

The Administrators are aware that OB Telecom, immediately following the purchase of the Company's business and assets as above, has sold its share capital to TalkTalk Telecom Group Plc ('TalkTalk'). This sale provides Faro with a structured repayment of its facilities over a period of 3 years based on the value of the customer base migrated from OB Telecom. OB Telecom's sale to TalkTalk includes an anti-embarrassment clause that will restrict Faro's repayment to its level of debt held in the Company. For this reason, there was no commercial benefit in the Administrators seeking an anti-embarrassment clause from OB Telecom. Any increase in the realisation achieved for the Company's customer base would have benefitted Faro, in its capacity as secured creditor (fixed charge), only.

The Administrators understand that the Directors have not provided any personal guarantees to Faro or any other funders.

Evaluator's report

As this was a substantial disposal to a connected person that has taken place within 8 weeks of the Administration commencing it was necessary for the purchaser to obtain an independent Evaluator's qualifying report ('the Report'). The Report was received on 21 September 2021 and contained a statement that the Evaluator was satisfied that the consideration to be provided for the relevant property and the grounds of the substantial disposal are reasonable in the circumstances.

The Joint Administrators reviewed the Report, including all supporting documents and having regard to the date on which the Report was made, is satisfied that the individual making the Report had sufficient relevant knowledge and experience to make a qualifying report.

G(II) EVALUATOR'S STATEMENT

Qualifying Report

Under The Administration (Restrictions on Disposal
etc. to Connected Persons) Regulations 2021

IN RELATION TO THE PROPOSED SUBSTANTIAL
DISPOSAL OF THE BUSINESS AND ASSETS OF
ORIGIN BROADBAND LTD TO OB TELECOM LIMITED.

21 SEPTEMBER 2021



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Leeds
LS1 5AA

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London
SE1 9SG

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 **ICAEW**
CHARTERED
ACCOUNTANTS

PURPOSE, CONTENTS AND INTERPRETATION

PURPOSE

As Per the Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021, in the absence of Creditor Approval of this substantial disposal, a connected party purchaser is required to obtain a Qualifying Report in accordance with Section 6 of the Regulations, and this report has been commissioned for that purpose.

CONTENTS

- 1) Evaluator Profile and Professional Indemnity Insurance
- 2) Transacting Companies, The Connected Person and Previous Qualifying Reports
- 3) Proposed Transaction Details
- 4) Independent Asset Valuation and Marketing
- 5) Opinion on the Proposed Transaction

INTERPRETATION

In this Report:

"the Regulations" means The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021.

"Qualifying Report" has the meaning given to it in Regulation 5 of the Regulations.

"Previous Report" has the meaning given to it in Regulation 8 of the Regulations.

"Substantial Disposal" has the meaning given to it in Regulation 3 of the Regulations.

"Connected Persons" as defined in Paragraph 60A(3) of Schedule B1 to the Insolvency Act 1986 and includes Directors, Shadow Directors, and other Officers of the Company, as well as Connected Companies.

"Relevant Property" means the property being disposed of, hired out or sold by the substantial disposal.

"Proposed Administrators" means Gareth Harris and James Miller of RSM Restructuring Advisory LLP

1) EVALUATOR PROFILE AND PROFESSIONAL INDEMNITY INSURANCE

EVALUATOR PROFILE

I, Johnny Abraham, confirm that I am satisfied that my knowledge and experience is sufficient to meet the requirements set out under Part 3 of The Administration (Restriction on Disposal etc. to Connected Persons) Regulations 2021.

I have over 20 years of experience specialising in Business Funding, Restructuring and Insolvency matters which has been gained within an International Big 4 Professional Services Firm, a National Independent Restructuring and Insolvency practice, and within my own Independent Specialist Business Advisory Firm. I also have experience in Asset Based Lending gained within two International Banks.

I am a Fellow Member of the Institute of Chartered Accountants in England and Wales, and I am also an Accredited Member of the Institute for Turnaround.

I can confirm that:

- I meet the requirements as to Professional Indemnity Insurance as specified in Regulation 11, (Further details set out below);
- I meet the requirements as to independence, as specified in Regulation 12; and
- I am not excluded from acting as an Evaluator by virtue of Regulation 13.

Having met the requirements set out above, I can therefore act as an Evaluator in respect of making this Qualifying Report.

PROFESSIONAL INDEMNITY INSURANCE

Insurer: QBE UK Limited.

Policy Number: 00010817PIC

Risks Covered: Professional Indemnity Insurance to cover the Business Funding, Rescue and Restructuring Advisory Services provided by J9 Advisory Limited, including acting as an Evaluator in producing a Qualifying Report under the Regulations.

Amount Covered: £1,000,000 (any one claim)

Exclusions: Geographical Exclusion (USA and Canada). Vicarious Liability Exclusion.



2) TRANSACTING COMPANIES, THE CONNECTED PERSONS AND PREVIOUS QUALIFYING REPORTS

DISPOSING COMPANY

Origin Broadband Ltd (07486862)
("Origin Broadband")

PROPOSED PURCHASER

OB Telecom Limited (13507341)
("OB Telecom")

CONNECTED PERSONS

Faro Capital Limited (09610476)

Iain William Torrens

Allan Samuel Aldridge

Michael Spencer

NATURE OF CONNECTION

Faro Capital holds 100% of the Shareholding of Origin Broadband. It also provides Origin Broadband with a c.£27,300,000 loan facility which is secured by way of Fixed and Floating Charges. It is also the 100% Shareholder of OB Telecom, in which it will by way of a debt reassignment, be providing a £17,640,000 funding facility.

Iain William Torrens is a former Director of Origin Broadband Group Ltd which was until May 2021 a 51.13% shareholder of Origin Broadband. He is a Director of Faro Capital Limited, which is now the 100% shareholder of Origin Broadband Ltd. He is also a Director of OB Telecom.

Allan Samuel Aldridge is a former Director of Origin Broadband Group Ltd, which was until May 2021 a 51.13% shareholder of Origin Broadband. He is the CFO of Faro Capital Limited, which is now the 100% shareholder of Origin Broadband. He is also a Director of OB Telecom.

Michael Spencer is the ultimate beneficial owner of Faro Capital, and therefore Origin Broadband and Origin Telecom.

PREVIOUS QUALIFYING REPORTS

The Connected Persons above have provided written confirmation that no previous Qualifying Reports have been instructed or received from any other Evaluator.

There is no reason for me to believe that this is incorrect, and therefore I surmise that Section 8 of the Regulations does not apply.

3) PROPOSED TRANSACTION DETAILS

BUSINESS AND ASSETS BEING DISPOSED ("RELEVANT PROPERTY")

OB Telecom is proposing to acquire the substantial Business and Assets of Origin Broadband Limited which consist of the following:

- Business Intellectual Property
- Customer Contracts
- Goodwill
- Business Records
- Books Debts
- Information Technology
- Equipment
- Stock
- Work in Progress

PROPOSED CONSIDERATION AND TERMS

OB Telecom proposes to acquire the Relevant Property of Origin Broadband for the consideration and under the terms detailed below:

Total Consideration: £17,855,000.

Fixed Charge Assets: A total of £17,700,000 will be paid for Business Intellectual Property, Customer contracts, Goodwill and Business Records,

£60,000 of this will be payable as cash consideration on completion. £17,640,000 will be reassigned by Faro Capital from the current Origin Broadband funding facility (which is subject to a Fixed and Floating Charge) to OB Telecom,

This will in turn reduce Faro Capital's secured claim in the Administration by £17,640,000.

Floating Charge Assets: £155,000 will be payable as cash on completion for Equipment, Information Technology, Stock, WIP and Book Debts.

Terms:

- All employment contracts will be transferred to OB Telecom.
- OB Telecom will honour the Contracts of c.800 Customers who have paid in advance for up to 12 months supply of services.
- There is likely to be an onward sale of OB Telecom to a third party, the consideration of which will be on a deferred basis and based on an earn out style agreement. The total consideration payable will not exceed the secured amounts due to Faro Capital.

4) INDEPENDENT VALUATION AND MARKETING

INDEPENDENT VALUATION

The Proposed Administrators have provided me (on a confidential basis) with a copy of an Independent Desktop Asset Valuation, dated 18 August 2021, that has been prepared by SIA Group Asset Ingenuity Ltd ("SIA Group").

The Proposed Administrators have also provided me (on a confidential basis) with a copy of an Intellectual Property Valuation Opinion, dated 6 September 2021, that has been prepared by Metis Partners Limited ("Metis").

MARKETING

I have received detailed information with regards to the level of Marketing activity that has been completed in relation to the relevant property over the last 6 weeks summarised as follows:

Online advertising of the business for sale, together with direct contact with 166 identified parties.

From this 22 Non-Disclosure Agreements were returned, with four parties showing a continued interest.

In order to afford additional time for interested parties to complete their due diligence and finalise their final offers for the relevant property, a further Notice of Intention to Appoint Administrators was filed.

This marketing process led to one unconditional offer and one conditional offer being received in addition to the proposed transaction.

I have been provided with a summary of the next best offer as part of competing this Qualifying Report, and I have taken this into account in reaching an opinion.

5) OPINION ON THE PROPOSED TRANSACTION

EVIDENCE RELIED UPON

In undertaking my review of the proposed transaction and reaching the opinion below, I have relied upon the following information and evidence that has been provided to me by the Proposed Purchaser, their Legal Advisor, and the Proposed Administrators. No detailed audit or verification of the information or evidence provided has been undertaken.

- J9 Advisory Information Pack
- SIA Group Valuation
- Company Financial Information
- Metis Intellectual Property Valuation Opinion
- Offer and Draft Sales Agreement
- Discussions with OB Telecom Lawyers
- Business Marketing Information
- Discussions with the Proposed Administrators

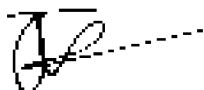
OPINION

I am satisfied that the consideration to be provided for the relevant property, and the grounds for the substantial disposal, are reasonable in the circumstances.

In arriving at this opinion I have considered all of the information that has been provided to me, and I have also considered the wider commercial benefits of the proposed transaction including:

- The total consideration that is being proposed.
- Continuity of employment for approximately 90 people, and therefore reduced Creditor claims in the Administration.
- Continuity of supply of broadband services and therefore reduced disruption to consumer and business customers (some 800 of which have paid in advance), and therefore reduced creditor claims in the Administration.
- The value provided by this proposed transaction significantly exceeds the next best (conditional) offer that has been received.

For the avoidance of doubt, I express no opinion as to whether the newly incorporated OB Telecom will in the future remain a going concern, neither do I express an opinion on any decision made by the Proposed Administrator of Origin Broadband to enter into a connected party transaction. These are matters for the Proposed Administrators to determine.



Johnny Abraham FCA
Managing Director
J9 Advisory Limited

H. PROOF OF DEBT

Rule 14.4 of the Insolvency (England and Wales) Rules 2016

PROOF OF DEBT

In the High Court of Justice, Business and Property Courts in Leeds No 000431 of 2021 Origin Broadband Ltd In Administration Company No: 07486862 Gareth Harris and James Miller appointed as Joint Administrators to the Company on 24 September 2021		
Relevant date for creditors' claims: 24 September 2021		
1	Name of creditor If a company please also give company registration number	
2	Address of creditor for correspondence.	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the relevant date. Less any payments made after that date in relation to the claim, any deduction in respect of discounts and any adjustment by way of mutual dealings and set off in accordance with relevant legislation	£
4	Details of any documents by reference to which the debt can be substantiated. There is no need to attach them now, but you should retain them safely as the Joint Administrators may ask you at a future date to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred If you need more space append a continuation sheet to this form	
7	Particulars of any security held, the value of the security, and the date it was given.	£ Date
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Date	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	

Note 1. This form can be authenticated for submission by email, to restructuring.leeds@rsmuk.com, by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company