

AM10

Notice of administrator's progress report



Companies House

WEDNESDAY



A15 *A88FQQFT* #276
26/06/2019
COMPANIES HOUSE

1 Company details

Company number 0 5 8 5 7 4 6 7
Company name in full Spark Energy Supply Limited

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

2 Administrator's name

Full forename(s) Alistair
Surname McAlinden

3 Administrator's address

Building name/number Saltire Court
Street 20 Castle Terrace
Post town Edinburgh
County/Region
Postcode E H 1 2 E G
Country

4 Administrator's name ①

Full forename(s) Blair Carnegie
Surname Nimmo

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

5 Administrator's address ②

Building name/number Saltire Court
Street 20 Castle Terrace
Post town Edinburgh
County/Region
Postcode E H 1 2 E G
Country

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 8	^m 1	^m 1	^y 2	^y 0	^y 1	^y 8
To date	^d 2	^d 7	^m 0	^m 5	^y 2	^y 0	^y 1	^y 9

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

Al Sheld

X

Signature date

^d 2	^d 1	^m 0	^m 6	^y 2	^y 0	^y 1	^y 9
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AM10

Notice of administrator's progress report



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	Yarima Conway
Company name	KPMG LLP
Address	Saltire Court 20 Castle Terrace
Post town	Edinburgh
County/Region	
Postcode	E H 1 2 E G
Country	
DX	
Telephone	Tel +44 (0) 131 222 2000



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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 the form.



Important information

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DX 33050 Cardiff.



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Joint
Administrators'
progress
report for the
period 28
November
2018 to 27
May 2019

Spark Energy Supply Limited
- in Administration

21 June 2019

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+SIB2842725.html>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 8).

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1 Executive summary

- The directors resolved on 28 November 2018 to appoint us as Joint Administrators. The notice of appointment was lodged at High Court of Justice on 28 November 2018 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 27 May 2019.
- We delivered our statement of proposals ("Administrators Proposals") to all known creditors on 20 January 2019. A decision was taken by the creditors on 7 February 2019 to approve our Proposals without modification.
- The Company ceased trading prior to the administration, and the administration process has focussed upon the realisation of assets for the benefit of the Company's creditors. The Company's main asset is its debtors' ledger, and we have been working with SEL and a panel of DCAs to raise final invoices on customer accounts and pursue the outstanding debtors. We have recovered approximately £2.3 million to date. (Section 2 - Progress to date).
- We are not aware of any secured or preferential creditors. We do expect a dividend will become payable to unsecured creditors, however the timing and quantum is uncertain at present and will depend on the outcome of the debt collection process, costs of the administration process and the level of valid unsecured claims received. (Section 3 - Dividend prospects).
- Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+SIB2842725.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Alistair McAlinden
Joint Administrator

2 Progress to date

This progress report covers the period from the date of our appointment to 27 May 2019, however please refer to our Administrators' Proposals dated 18 January 2019 where some relevant information has previously been disclosed. This section updates you on our strategy for the administration and on our progress to date.

2.1 Strategy

Strategy

Immediately prior to the administration, in the early hours of 28 November 2018, Ofgem transferred all of the Company's customers and ongoing energy supplies to Ovo under a SoLR process. The administration appointment took effect later that day. The Company's energy supply licences were revoked immediately prior to the SoLR transfer becoming effective.

With no customers, no licences and no means of ongoing supply, the Company had ceased to trade immediately prior to the administration. Accordingly the administration process comprises a wind down of the Company's affairs, realising the Company's assets for the benefit of its creditors.

Prior to the administration Ovo had also acquired the share capital of several of the entities within the Group including SEL, which was the entity which held all of the Group's employee contracts, IT equipment, brand names, website domains, leasehold property, and fixtures & fittings.

Furthermore, all Group receipts and payments were via the SEL bank account. The Company's bank account was not used and had a balance of £nil at the point of insolvency.

The only assets of the Company were its debts due by its customers, internally developed software, a debt due by HMRC in relation to VAT, a stock of prepayment meters, and some collateral deposits. Our progress made in relation to each of these assets is set out below.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2). Summaries of the most significant realisations during the period are provided below.

Debtors – overview

Following the administration appointment, our immediate priority was to supply customers with final invoices. This could have been extremely difficult, as the Company does not have any employees or indeed access to the IT systems required to extract the relevant information to finalise and send out invoices. To deal with these issues, we reached agreement with SEL to assist with such matters, on a nil cost basis, through to 30 June 2019.

To date SEL have provided significant assistance, enabling a mechanism to be implemented whereby all customers can be billed, sums received tracked, and for a proper record of account to be maintained. Final invoices for approximately 130,000 customers covering the period up to the date of administration were raised and issued during January and February 2019.

Having raised invoices we engaged the services of 5 DCAs to make contact with the customers and to request payment. Prior to the administration the Company utilised 10 DCAs for various elements of their debt collection process. Given the high number of customers we determined that continuing to use a panel of DCAs would be the most efficient and cost effective strategy. In addition to the collection of finalised accounts for customers who had been subject to the SoLR transfer on 28 November 2018, we retained the pre-administration DCAs to pursue older debts, for which they had been instructed pre-administration.

The debt recovery process has not been straightforward. A large number of customers have queried the final account issued to them, and many have stated that they have already settled the account by making payments to SEL in December 2018 or afterwards. For certain customers, Ovo retained these balances and applied them to cover the cost of the customer's ongoing energy supplies for the period 28 November 2018 onwards. We have written to Ovo to request that they transfer these sums received however Ovo advised that it is entitled to retain funds received from ongoing customers to cover their ongoing supply as per their terms and conditions. Our legal advice confirms that this is the case.

The debt recovery process has also been labour intensive, with voluminous debtor correspondence and telephone calls. As at 27 May 2019 we had recovered approximately £2.3 million from debtors, which is stated net of VAT.

We are currently assessing our options in relation to the ongoing collection of debts, which may include continuing to pursue debts, a sale of a portfolio of debts, or a combination of both.

Software

As set out in our Administrators' Proposals the Company's software was sold to SEL for a nominal consideration, as part of the wider agreement in relation to debt collection co-operation.

Stock

The Company held a stock of dumb prepayment meters, and this was sold to SEL for £60,000 plus VAT (£72,000). The consideration is being received in instalments with £42,000 received to date. In our receipts and payments account at Appendix 2 we have disclosed the £60,000 receipt (net of VAT), the balance of £30,000 due by SEL as a debtor, with the £12,000 VAT element having been accounted for on VAT returns.

VAT debtor

The Company formed part of the Group's VAT group, for which SEL was the representative member. As such, SEL was responsible for completing the Group's pre-administration VAT return on a consolidated basis. Sums due to the Company in relation to pre-administration VAT were off set against VAT liabilities elsewhere in the VAT group, with a corresponding reduction in the inter-company debt due to SEL. Our solicitors and colleagues in KPMG Tax have both reviewed this and advised that this is the correct treatment for this VAT debtor balance. There will therefore be no recovery to the Company.

Collateral

Prior to the administration the Company had placed collateral deposits with a number of energy sector companies as part of ongoing terms of supply. The aggregate of these deposits was approximately £929,000 at the date of the administration. We wrote to all of the counterparties, all of whom lodged counter claims in relation to sums due by the

Company, or liquidated damages claims that have arisen as a result of the Company's administration. We do not expect there to be any recovery from these collateral deposits.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2). Summaries of the most significant payments made during the period are provided below.

Debt collection costs

The main cost in the administration will be DCA commission. We have agreed 'no recovery no fee' for all of our DCAs such that there is no cost risk to the Company's estate. The exception to this are a small number of DCAs who provide customer search functionality or home visits.

Commission rates vary considerably depending on the stage of the collection process and the resource each DCA will require to apply to recover debts. The overall quantum of commission payable will also depend on the total sums recovered. To date we have paid DCA commission of approximately £482,000.

Costs associated with preparing final invoices

Our third party costs to assist with the preparation of final invoices were approximately £43,000.

Solicitors' fees

We have paid legal fees of approximately £48,000 which includes advice relating to the SoLR process, the pre-administration business sale to Ovo and the implications of these transactions on the administration in general and debt recovery options in particular. Our solicitors drafted the data and debt collection arrangements with SEL and all of our DCA supplier contracts.

2.4 Schedule of expenses

We have detailed the costs incurred during the period in the schedule of expenses attached (Appendix 3). All expenses incurred in the period have been paid.

2.5 Investigations

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

3 Dividend prospects

3.1 Secured creditors

We are not aware of any secured claims against the Company.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the timing or amount of this, but we will do so when we have completed the realisation of assets and settlement of associated costs.

4 Other matters

4.1 Creditors' Committee

A Creditors' Committee has been formed during the period. The members are Spark Energy Limited; Siemens plc; and Morrison Data Services Limited.

The Creditors' Committee represents the interests of the creditors as a whole rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

Members and observers of the Creditors' Committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.

5 Joint Administrators' remuneration and disbursements

Time costs, remuneration and disbursements

From the date of our appointment to 27 May 2019, we have incurred time costs of £711,189.50. These represent 1,829.1 hours at an average rate of £388.82 per hour. We have not drawn any remuneration from the Company's estate to date.

During the period, we have incurred disbursements of £5,489.42. None of these have yet been paid.

During the period, the creditors' committee have approved that:

- we are authorised to draw our remuneration on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in the Administrators' Proposals and the charge-out rates included in the Administrators' Proposals.
- we are authorised to draw Category 2 disbursements (as defined in Statement of Insolvency Practice 9) for services provided by KPMG charged in accordance with KPMG's policy as set out in the Administrators' Proposals.

Accordingly, we intend to draw a fee of £711,189.50 plus disbursements of £5,489.42 plus VAT on both.

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Yarima Conway at KPMG LLP, 20 Castle Terrace, Edinburgh EH1 2EG.

Additional information

In our Administrators' Proposals we enclosed a fee estimate for our costs for the whole period of administration. This estimate was for 3,240.50 hours at a total estimated cost of £1,203,632.50. We have reattached a copy of our fee estimate at Appendix 4, and our current expectation of our costs for the case remains at this figure.

We have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 27 May 2019. We have also attached our charging and disbursements policy.

6 Future strategy

6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- continuing to pursue outstanding debtor balances due to the Company, and potentially sell tranches of debt;
- continuing to work with SEL in relation to providing services for the underlying record keeping, and with our panel of DCAs in relation to debt collection activities;
- attending to all statutory matters as and when they fall due;
- completing all ongoing VAT and corporation tax returns in accordance with HMRC regulations;
- at the appropriate time, perform adjudication of all unsecured creditor claims, following which make a dividend to unsecured creditors.

6.2 Extension of the administration

The administration order awarded on 28 November 2018 automatically expires after a period of one year. We can extend this period either by consent of creditors (in this case a majority of unsecured creditors) or by application to court.

In this case we intend to seek approval from creditors to extend the period of the administration for a period of 12 months, to 27 November 2020. We will write to all creditors in relation to this by separate cover.

6.3 Discharge from liability

The creditors' committee have granted approval that we be discharged from liability in respect of any actions as Joint Administrators upon the filing of their final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

6.4 Future reporting

We will provide a further progress report within one month of 27 November 2019 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company name	Spark Energy Supply Limited
Date of incorporation	26 June 2006
Company registration number	05857467
Present registered office	c/o KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 010108 of 2018
Appointor	The directors of the Company
Date of appointment	28 November 2018
Joint Administrators' details	Alistair McAlinden and Blair Nimmo
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	27 November 2019

Appendix 2 Joint Administrators' receipts and payments account

Receipts and payments

Spark Energy Supply Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 28/11/2018 To 27/05/2019 (£)	From 28/11/2018 To 27/05/2019 (£)
ASSET REALISATIONS			
60,000.00	Stock	60,000.00	60,000.00
16,839,000.00	Book debts	2,316,054.02	2,316,054.02
495,000.00	VAT refunds (pre-app'ent)	NIL	NIL
		2,376,054.02	2,376,054.02
OTHER REALISATIONS			
	Bank interest, gross	1,635.18	1,635.18
		1,635.18	1,635.18
COST OF REALISATIONS			
	Statement of affairs work	(1,850.00)	(1,850.00)
	Debt Collection costs	(482,347.31)	(482,347.31)
	Agents'/Valuers' fees (2)	(270.00)	(270.00)
	Legal fees	(47,944.54)	(47,944.54)
	Court fees	(235.00)	(235.00)
	Communications, printing and postage	(43,430.94)	(43,430.94)
	Statutory advertising	(71.00)	(71.00)
		(576,148.79)	(576,148.79)
UNSECURED CREDITORS			
(84,738,000.00)	Trade & expense	NIL	NIL
		NIL	NIL
(67,344,000.00)		1,801,540.41	1,801,540.41
REPRESENTED BY			
	Trade debtors		30,000.00
	Floating ch. VAT rec'able		8,890.74
	VAT control account		19,281.49
	Floating charge current		1,743,368.18
			1,801,540.41

Appendix 3 Schedule of expenses

Schedule of expenses (28/11/2018 to 27/05/2019)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Statement of affairs work	1,850.00	0.00	1,850.00
Debt Collection costs	482,347.31	0.00	482,347.31
Agents'/Valuers' fees (2)	270.00	0.00	270.00
Legal fees	47,944.54	0.00	47,944.54
Court fees	235.00	0.00	235.00
Communications, printing and postage	43,430.94	0.00	43,430.94
Statutory advertising	71.00	0.00	71.00
TOTAL	576,148.79	0.00	576,148.79

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Yarima Conway at KPMG LLP, 20 Castle Terrace, Edinburgh, EH1 2EG.

Appendix 4 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Notes	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
Administration & Planning				
Statutory and compliance	1	390.00	125,700.00	322.31
Cashiering	2	175.00	59,875.00	342.14
Tax	3	143.00	54,225.00	379.20
General	4	51.00	18,430.00	361.37
Creditors				
Employees	5	3.50	1,032.50	295.00
Creditors and claims	6	470.00	143,750.00	305.85
Committees	7	36.00	12,955.00	359.86
Investigations				
Directors	8	38.00	15,120.00	397.89
Investigations	9	44.00	14,345.00	326.02
Realisation of Assets				
Asset realisation	10	1,890.00	758,200.00	401.16
Total		3,240.50	1,203,632.50	371.43

We set out our estimate of the total time costs we expect to incur in relation to the administration. This is the same estimate as provided in our Administrators Proposals.

Note 1

We will be required to comply with our statutory obligations throughout the duration of the administration. Time will be spent planning, updating the strategy for the administration, and ensuring all other statutory requirements are addressed.

Note 2

A new bank account has been opened and will be maintained in the administration; receipts and payments will be processed and reconciled.

Note 3

Time has been spent reviewing pre-appointment tax and VAT returns, preparing and submitting post-appointment statutory returns and dealing with general tax and VAT issues throughout the administration. Furthermore time has been incurred seeking to recover pre-administration VAT sums due.

Note 4

General time spent on administration matters, such as handling and accessing the Company books and records.

Note 5

Whilst there are no employees we are required to carry out standard checks with regards employees and pension schemes as part of the administration process.

Note 6

Liaising with creditors regarding the progress of the administration, responding to general enquiries, preparing creditor reports, seeking approval for the administrators' proposals, adjudicating on creditor claims and paying a dividend to creditors.

Note 7

We have established a creditors committee and provide the committee with reports on the progress of the administration, in addition to that provided to the general body of creditors.

Note 8

Liaising with the directors regarding the Statement of Affairs; the request that the directors' questionnaires are completed; and other general queries about the Company's operations.

Note 9

As part of our statutory obligations, we are required to formally investigate the affairs of the Company and the conduct of Directors prior to the Joint Administrators' appointment.

Note 10

Estimated time costs to realise the Company's assets, most notably the debtors' collection process. Furthermore, time will be spent on ascertaining whether there is value in the Company's intellectual property, stock and other debtors.

Appendix 5 Joint Administrators' revised expenses estimate

Expenses estimate					
Expenses category	Note	Initial Estimate in Proposals (£000's)	Paid to date (£000's)	Future estimate (£000's)	Total Estimate (£000's)
Debt collection agents	1	TBC	482	TBC	TBC
Books and records storage	2	5	-	5	5
Consultancy costs	3	5	-	5	5
Facilities costs	4	10	-	10	10
Invoice processing and logistics	5	75	43	32	75
Legal costs	6	100	48	52	100
Statement of affairs costs	7	2	2	-	2
Statutory and administrative costs	8	10	-	10	10
Total costs		207	576	114	690

Note 1

The above table excludes future debt collection agents' commission and intermediary *transaction charges*. At present, it is not possible to estimate the quantum of these future expenses as they will depend on sums recovered from the Company's debtor ledger. An update on these expenses will be provided in future progress reports.

Note 2

Storage costs will be payable in order to ensure the Company's books and records are properly and securely stored.

Note 3

We have made a provision for consultancy costs that may be required in relation to the administration process.

Note 4

Estimated facilitates costs for the use of premises adjacent to the SEL premises, throughout the administration process.

Note 5

In order to begin the debtor collection process, we required agents to process and send out final invoices. We may have additional external costs if further mailshots are necessary.

Note 6

Legal costs and disbursements will be incurred for general legal advice, provided by Shepherd and Wedderburn LLP, throughout the course of the administration.

Note 7

Actual costs to assist with the preparation of the Company's estimated statement of affairs as at the date of our appointment.

Note 8

Estimated costs for appointment advertising, bank charges, mailings, travel, sustenance and other administrative costs which might be incurred.

Appendix 6 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Yarima Conway on 0141 309 2645.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Spark Energy Supply Limited – in administration		
Grade	From 28 Nov 2018 £/hr	From 01 Jan 2019 £/hr
Partner	625	655
Director	560	590
Senior Manager	510	535
Manager	425	445
Senior Administrator	295	310
Administrator	215	225
Support	131	140

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements from the date of our appointment to 27 May 2019.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	2,620.72		NIL		2,620.72
Courier & delivery costs	0.61		NIL		0.61
External printing	104.94		NIL		104.94
Meals	1,208.70		NIL		1,208.70
Mileage	NIL		655.83		655.83
Postage	152.00		NIL		152.00
Travel	746.62		NIL		746.62
Total	4,833.59		655.83		5,489.42

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 28 November 2018 to 27 May 2019

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; ■ liaising with Ofgem in relation to energy regulatory matters; ■ issuing regular press releases and posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ meeting with management to review and update strategy and monitor progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; ■ reviewing and processing employee expense requests; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment; ■ responding to enquiries from shareholders regarding the administration; ■ providing copies of statutory reports to the shareholders.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ applying for remuneration to the creditors' committee; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ liaising with agents regarding the valuation of stock; ■ negotiating a sale of stock; ■ reviewing outstanding debtors and management of debt collection strategy; ■ engaging with SEL in relation to providing ongoing assistance relating to the debt collection process; ■ engaging DCAs to collect debt; ■ instructing a third party publisher to issue and post final invoices for debtors; ■ seeking legal advice in relation to book debt collections; ■ responding to voluminous queries from customers received by letter, email and telephone calls; ■ reviewing the inter-company debtor position between the Company and other group

	companies.
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases; ■ communicating with landlords regarding rent, property occupation and other issues; ■ performing land registry searches.
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ <i>liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</i> ■ assessing the level of insurance premiums.
Pensions	<ul style="list-style-type: none"> ■ ensuring compliance with our duties to issue statutory notices;
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals; ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ drafting our progress report.
Committees	<ul style="list-style-type: none"> ■ <i>dealing with the formation of the Creditor's Committee, arranging and chairing meetings of the Creditors' Committee and providing reports.</i>
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ <i>liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;</i> ■ arranging for the redirection of the Company's mail; ■ reviewing the questionnaires submitted by the Directors of the Company; ■ reviewing pre-appointment transactions; ■ obtaining pre-administration bank statements and reviewing these; ■ submitting the online director conduct assessment to the relevant authority.

Time costs

SIP 9 –Time costs analysis (28/11/2018 to 27/05/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Notification of appointment	1.80	918.00	510.00
Statutory reports	1.00	535.00	535.00
Cashiering			
General (Cashiering)	10.70	3,309.50	309.30
Reconciliations (& IPS accounting reviews)	10.00	3,100.00	310.00
General			
Books and records	4.80	1,443.00	300.63
Statutory and compliance			
Appointment and related formalities	48.10	19,963.50	415.04
Bonding & Cover Schedule	0.80	236.00	295.00
Budgets & Estimated outcome statements	0.50	267.50	535.00
Checklist & reviews	9.00	2,633.50	292.61

SIP 9 –Time costs analysis (28/11/2018 to 27/05/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Pre-administration checks	4.70	258.50	55.00
Reports to debenture holders	0.90	459.00	510.00
Statutory advertising	0.90	379.00	421.11
Statutory receipts and payments accounts	18.20	4,095.00	225.00
Strategy documents	103.10	60,638.50	588.15
Tax			
Initial reviews - CT and VAT	12.05	4,496.00	373.11
Post appointment corporation tax	6.45	1,564.25	242.52
Post appointment VAT	35.85	13,017.25	363.10
Creditors			
Committees			
Formation	1.10	309.50	281.36
Creditors and claims			
General correspondence	56.20	19,678.00	350.14
Notification of appointment	0.50	255.00	510.00
Pre-appointment VAT / PAYE / CT	3.80	1,121.00	295.00
Statutory reports	65.20	29,772.00	456.63
Employees			
Correspondence	1.00	295.00	295.00
Pension funds	1.00	217.50	217.50
Pensions reviews	1.30	392.50	301.92
Investigation			
Directors			
D form drafting and submission	7.40	2,945.50	398.04
Directors' questionnaire / checklist	1.60	786.50	491.56
Statement of affairs	7.30	3,292.00	450.96
Investigations			
Correspondence re investigations	0.50	267.50	535.00
Mail redirection	8.75	1,905.00	217.71
Review of pre-appt transactions	29.90	9,078.50	303.63
Realisation of assets			
Asset Realisation			
Debtors	1,357.60	517,690.50	381.33
Insurance	0.20	102.00	510.00
Intellectual Property	9.50	3,227.00	339.68
Office equipment, fixtures & fittings	1.00	295.00	295.00

SIP 9 –Time costs analysis (28/11/2018 to 27/05/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Other assets	4.70	1,568.50	333.72
Stock and WIP	1.70	677.50	398.53
Total in period	1,829.10	711,189.50	388.82

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,829.10	711,189.50
Carry forward time (appointment date to SIP 9 period end date)	1,829.10	711,189.50

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 7 Glossary

Ofgem	The Office of Gas and Electricity Markets
Company	Spark Energy Supply Limited - in Administration
Court	High Court of Justice
DCA	Debt Collection Agent
Directors	Chris Gauld and Hamish Osborn
Group	The Company together with; SEL Spark Gas Shipping Limited Spark Energy Finance plc Spark Generation Limited Home Telecom Limited
SEL	Spark Energy Limited
SoLR	Supplier of Last Resort
Joint Administrators/we/our/us	Alistair McAlinden and Blair Nimmo
KPMG	KPMG LLP

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this report

This report has been prepared by Alistair McAlinden and Blair Nimmo, the Joint Administrators of Spark Energy Supply Limited – in Administration (the ‘Company’), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Alistair McAlinden and Blair Carnegie Nimmo are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

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