

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 7 5 1 3 3 1 9

Company name in full Economy Energy Trading Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) Jon L

Surname Roden

### 3 Liquidator's address

Building name/number Colmore Building

Street Colmore Circus

Post town Birmingham

County/Region

Postcode B 4 6 A T

Country

### 4 Liquidator's name ①

Full forename(s) Stuart

Surname Preston

#### ① Other liquidator

Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number Level 8

Street 110 Queen Street

Post town Glasgow

County/Region

Postcode G 1 3 B X

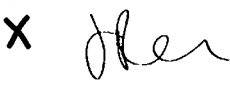
Country

#### ② Other liquidator

Use this section to tell us about  
another liquidator.

# LIQ03

## Notice of progress report in voluntary winding up

<b>6</b>	<b>Period of progress report</b>															
From date	d	1	d	3	m	0	m	1	y	2	y	0	y	2	y	1
To date	d	1	d	2	m	0	m	1	y	2	y	0	y	2	y	2
<b>7</b>	<b>Progress report</b>															
	<input checked="" type="checkbox"/> The progress report is attached															
<b>8</b>	<b>Sign and date</b>															
Liquidator's signature	<div>Signature</div> <div>  </div>															
Signature date	d	0	d	7	m	0	m	3	y	2	y	0	y	2	y	2

**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 **Kirsty L Dolmor**

Company name **Grant Thornton UK LLP**

Address **11th Floor**

**Landmark St Peter's Square**

Post town **1 Oxford St**

County/Region **Manchester**

Postcode **M 1 4 P B**

Country

DX

Telephone **0161 953 6900**

**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 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**



Our ref: JLR/BLA/RJJ/LKG/113632-102//7/cv1403

To the creditors and members

---

**UK Recovery**

Grant Thornton UK LLP  
11th Floor  
Landmark St Peter's Square  
1 Oxford St  
Manchester  
M1 4PB  
T +44 (0)161 953 6900

7 March 2022

**Economy Energy Trading Limited – In Liquidation (the Company)**

**1 Introduction**

- 1.1 Eddie Williams, Stuart Preston and I were appointed Joint Administrators of the Company on 14 January 2019. Following the filing of form AM22 – Notice of move from Administration to Creditors' Voluntary Liquidation (CVL or liquidation) with the Registrar of Companies, we were subsequently appointed Joint Liquidators of the Company on 13 January 2020.
- 1.2 In accordance with section 104A of the Insolvency Act 1986, we now report on the progress of the liquidation for the year ended 12 January 2022 (the Period) and attach:
  - Appendix A, an account of our receipts and payments for the Period and also for the whole liquidation to date
  - Appendix B, Statement of Insolvency Practice 9 disclosure.
- 1.3 Eddie Williams has left Grant Thornton UK LLP and as a result was removed as Joint Liquidator of the Company via a Block Transfer Order on 26 November 2020.
- 1.4 Stuart Preston and I remain as Joint Liquidators and we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.
- 1.5 As creditors will be aware, the Company was a retail gas and electricity provider to some c.230,000 domestic customers. Following the revocation of its energy licences, these customers transferred to OVO Energy Limited (OVO) and as part of the administration and subsequent liquidation, the Joint Liquidators have been facilitating this transfer of customers to OVO, finalising customer accounts and collecting amounts due to the Company for energy supplied.

**2 Statutory information**

- 2.1 The Company's registered number is 07513319.

### 3 Realisation of assets

#### Transfer from administration

- 3.1 As discussed in our previous report dated 9 March 2021, no Statement of Affairs (SOA) has been prepared for the liquidation. For details of the SOA submitted in the administration and for information on prior periods, please refer to previous reports to creditors which are available on the creditors' portal.
- 3.2 A surplus of £12,387,200 was transferred from the administration to the liquidation estate, together with £507,963 of VAT receivable. This is disclosed in our Receipts and Payments account (R&P) at Appendix A.
- 3.3 The final balances transferred to the liquidation estate differed slightly to the R&P circulated with our final progress report in administration, which covered the period up to 31 December 2019. A breakdown and further details explaining the difference are set out in our progress report dated 9 March 2021.
- 3.4 In the liquidation, we have continued to pursue the outstanding assets as follows:

#### Customer debtors

- 3.5 During the Period, customer debtor collections totalled £274,932. This has been summarised in the table below.

#### Customer debtor collections 13/01/2021 to 12/01/2022

Source	Amount (£)
Shakespeare Martineau LLP (SHMA)	47,247
Allied International Credit (AIC)	6,430
Other payment plans	12,554
Company's pre-administration bank account	208,701
<b>Total customer debtors per R&amp;P</b>	<b>274,932</b>

- 3.6 As shown in the R&P, cumulative customer debtors collected during the full period of the liquidation are £801,922. Total customer debtor collections, including those in administration, are £4,439,199.
- 3.7 As outlined in more detail below, there is expected to be a small amount of refunds to be made to customers which will reduce the overall debtor balance shown in the R&P. We do not anticipate that this will be material. Customer refunds made during the Period were £798.
- 3.8 Per our last report to creditors, it was expected that the live debtor book as at 12 January 2021 was £7.5 million. Our latest estimate as at 12 January 2022 is a debtor book of £3.6 million. This reduction is as a result of collections, as stated above, and account closures due to the following:
- a large proportion of the remaining debtors are considerably aged (at least three years or more);
  - the quality of the Company's information for certain accounts has been poor such that it has proved a challenge to recover these debts;
  - customer contact details are incorrect, or a customer has vacated the supply address and trace searches have been returned without a match; and
  - adjustments were required to debt balances based on additional data received which subsequently moved the debt to a credit position.
- 3.9 The Joint Liquidators have therefore made the decision not to pursue these debts as the costs associated with attempting to collect them would far outweigh the overall benefit to the creditors, or in some cases it is not possible to pursue these debts.

- 3.10 All remaining live debtor collections are either through payment plans or are subject to active debt collection efforts from third party agents, SHMA and AIC. The collection of debts via our agents remains a profitable exercise as the costs to the liquidation estate are purely on a commissions basis or at no cost at all. The liquidation team continue to oversee these processes. As discussed later in the report, whilst the Joint Liquidators continue to be in dialogue over two major creditors' unsecured claims, it is beneficial to continue to pursue whatever collections we can, especially on a no cost risk basis.
- 3.11 We are mindful that the outstanding debtor ledger is unlikely to have a material return to creditors and therefore it is likely that this process will run in line with the timeline for court directions, as discussed in section 5. The collection of the remaining debtor book alone is not considered to be a viable reason for keeping the case open.
- 3.12 Assuming a timeline of 12 months for court directions, total future debtor realisations are estimated at £75,600.

#### SHMA

- 3.13 The Joint Liquidators have continued to engage SHMA to chase outstanding debtors. During the Period SHMA has collected £47,247. This is shown within customer debtors in the R&P. SHMA are paid 8% commission on all debtor collections.
- 3.14 The Joint Liquidators continue to work closely with SHMA to monitor debt collections and assist with customer queries.
- 3.15 There are currently 5,011 live debt accounts with a combined outstanding debt balance due to the Company of £3.6million. These are a mix of agreed payment plans (95 accounts) and other live debt accounts (4,916 accounts). Estimated collections on payment plans are £4,000 per month, and they are expected to be fully repaid over a period of 19 months. SHMA continue to carry out email and phone campaigns to collect the other outstanding debts. They have advised that estimated monthly collections could be c.£2,000 per month.
- 3.16 Given the estimated timeline for court directions (see section 5), we anticipate that SHMA collections could continue for up to 12 months and may realise £72,000.
- 3.17 To date, we have not commenced formal litigation action on any customer accounts. This is subject to ongoing review and the key factor in any decision to litigate will be driven by the respective costs of taking any action against the possible debt collection levels and accuracy of available information in each instance. The reasons set out above are also applicable here.

#### AIC

- 3.18 AIC continue to collect debts across 90 payment plans established post-appointment. This has realised £6,430 during the Period. This is shown within customer debtors in the R&P.
- 3.19 We calculate that £1,963 of AIC collections are overpayments and will need to be returned to customers shortly after the Period end. This means that the customer debtors figure in the R&P is overstated by this amount.
- 3.20 The combined outstanding debt balance across the 90 live payment plans is £33,577. Based on an approximate monthly run rate of c.£300 in recent months, we estimate future debtor collections from AIC of £3,600 over the next 12 months, assuming this may be the timeline for court directions (see section 5). This is included in our estimate of future collections in section 3.12 above.
- 3.21 AIC were paid 12% commission on all debtor collections until 6 May 2021 and after that date, no charges have been incurred on the basis that limited oversight is required by AIC for this number of accounts.

#### Other payment plans

- 3.22 The Joint Liquidators continued to collect payment plans directly into the liquidation bank account during the Period. These receipts totalled £12,554 and are shown within customer debtors in the R&P. The payment plans relate to those established by former staff during the administration or SR Outsourcing Limited during the early stages of the liquidation. Please refer to our previous reports for further information.
- 3.23 Shortly after the end of the Period, on 31 January 2022, the Joint Liquidators closed one of the liquidation bank accounts which had been collecting customer payment plans. This decision was made on the basis that an increasing number of customers were moving into a refund position where they had not cancelled their payment plans on time. Furthermore, receipts were typically high in volume, but low in value and it was calculated that oversight costs connected with monitoring and reconciling customer accounts outweighed any benefit to creditors.
- 3.24 It is estimated that c.£2,500 of customer debtors shown in the R&P will need to be refunded to customers from overpayments made directly into the liquidation bank account. These refunds will be completed in the coming weeks once our reconciliation work has been finalised.

#### HSBC pre-appointment payment plans

- 3.25 As discussed in previous reports, the Company operated from several bank accounts with HSBC UK Bank Plc (HSBC or the Bank) prior to our appointment as administrators. All cash at bank was realised during the administration, but the Company's pre-appointment 'Receipts' account had been kept open pending further discussions with the Bank on its direct debit indemnity (DDI) exposure.
- 3.26 During the Period, we liaised with the Bank to discuss and evidence the run rate of DDI claims. The average monthly rate of DDI claims had fallen to c.£300 in the six months to 31 April 2021 and was noticeably reducing over time.
- 3.27 Customer debtors continued to be collected through historical payment plans at an average rate of c.£750 per month in the six months to 31 April 2021. However, it was not considered appropriate to keep the account open solely to collect any outstanding debts for the following reasons:
- The value of customer receipts in aggregate were declining (from an average rate of c.£1,350 per month in the six months to 31 October 2020 to c.£750 per month in the six months to 31 April 2021). On this basis, the level of expected debtor collections from these payment plans was considered immaterial to the overall return to unsecured creditors;
  - The costs of collecting and monitoring the operation of these payment plans, both in terms of oversight costs and the costs of keeping the bank account open, would further reduce any benefit to creditors from collecting these debtors; and
  - As noted above, customers can often end up in a repayment position from overpaying their payment plans. Any refunds would need to be processed upon closure of the account.
- 3.28 On 25 May 2021, we agreed with HSBC that the 'Receipts' account could be closed given the reduced DDI exposure. We received the final balance of funds of £103,362 on 1 November 2021. Of which £208,701 is shown in customer debtors in the R&P and £105,339 relates to a floating charge distribution to HSBC in respect of DDI payment, also shown in the R&P and discussed in more detail in section 5.
- 3.29 Certain debtors and DDI claims related to the administration, but were not accounted for prior to the transfer from administration on the basis that we had not realised the funds from HSBC and had not fully reconciled the DDI position.
- 3.30 Reconciliation work is currently underway to quantify if any funds need to be returned to customers. It is currently estimated that total refunds may be c.£8,500. Contact will be made with all affected customers to facilitate these repayments.

**Unallocated customer receipts**

- 3.31 As discussed in previous reports, unallocated customer receipts relate to customers who have made a payment into the liquidation bank account, but no reference has been provided to allocate this against a debt shown on an individual's Economy Energy account.
- 3.32 Total unallocated customer receipts collected during the Period were £110 and cumulatively during the liquidation were £1,601. Further work is required to return these amounts to individuals using the bank details from the original receipts.
- 3.33 No further unallocated customer receipts are expected on the basis that the liquidation bank account collecting payment plans has been closed.

**Bank interest**

- 3.34 Bank interest of £3 has been realised during the Period. This brings the cumulative total for the period of the liquidation to £17,938.
- 3.35 The liquidation bank accounts are no longer interest bearing in preparation for an interim dividend. Further details on the timeline for distributing to unsecured creditors is covered in section 5 below.

**MRASCo refund**

- 3.36 A refund of £7,823 was received in the previous period relating to the Company's former contributions to the Master Registration Agreement (MRA). This is an industry-wide agreement that provided governance to manage the processes between electricity suppliers and distributions.
- 3.37 There have been no realisations from MRASCo during the Period, in line with expectations, and no further realisations are expected.

**4 Other matters****VAT position / Tax**

- 4.1 The tax affairs of the Company are still to be finalised in the liquidation, primarily in relation to VAT. As outlined in earlier reports to creditors, the VAT position is complex in that a significant number of credits have been issued on customer accounts post appointment as a result of consumption adjustments.
- 4.2 To the extent that these adjustments represent a credit for VAT purposes, an adjustment to the VAT position of the Company maybe required, potentially both post and pre appointment. We are working closely with VAT specialists to conclude this matter.

**Customers**

- 4.3 The Joint Liquidators and their team continue to work hard to ensure all customer queries are dealt with in a timely manner. Incoming queries continue to relate to both debt and credit customers. It is advised that any customers with outstanding credit balance should contact OVO in the first instance.

**5 Creditors and dividend prospects****Secured creditor**

- 5.1 The Company had granted a debenture dated 15 June 2015, including fixed and floating charges over all assets, in favour of HSBC. According to the Company's books and records, HSBC had no indebtedness at the date of appointment.
- 5.2 Squire Patton Boggs LLP provided advice on the validity of this security and confirmed that the security was valid.
- 5.3 As a result of HSBC's floating charge over the assets of the Company, DDI payments made by HSBC are treated as a floating charge distribution. A distribution of £576,717 was made during the administration and is included in the surplus from administration shown in the R&P.



- 5.4 As noted in section 3 above, HSBC continued to honour DDI claims from customers until the closure of the HSBC bank account. It is possible that HSBC may be required to honour additional DDI claims beyond this point, but there is no longer a mechanism for this to be recharged to the Company.
- 5.5 A final floating charge distribution to HSBC of £105,339 has been calculated in respect of DDI payments and has been reflected in the R&P.

#### **Preferential creditors**

- 5.6 These include employee claims for wages and salary up to £800 per person and accrued holiday pay, and employee contributions to occupational pension schemes deducted in the four months before the insolvency. A significant element of these claims has been transferred to the Secretary of State, following payment of employment related claims by the Redundancy Payments Service.
- 5.7 During the liquidation, we have agreed preferential creditor claims totalling £13,246 and these claims were settled in full on 2 October 2020.

#### **Unsecured creditors**

- 5.8 To date, we have received unsecured claims totalling £67.1 million. This is prior to a notice of intended dividend being issued and is therefore subject to change. This compares to a total estimate for non-preferential unsecured creditors shown in the directors' SOA of £67.3 million.
- 5.9 We expect there to be sufficient funds to enable a distribution to the unsecured creditors although the quantum and timing of a distribution is uncertain.
- 5.10 In our previous report we stated that an interim dividend may have been possible in the Period, however the timeline was driven by a variety of factors set out in that report. We were unable to distribute an interim dividend in the Period, however the Joint Liquidators are still working towards a possible interim dividend in the next six to twelve months.

#### Ofgem

- 5.11 As discussed in previous reports, we have received a significant unsecured claim from Ofgem which totals £28 million. This largely relates to payment due under the Renewable Obligation Certificates (ROCs).

#### Supplier of Last Resort (SoLR)

- 5.12 As outlined in previous reports to creditors, OVO is responsible for honouring all credit balances due to both former and existing customers of the Company as at the date of the SoLR in accordance with the terms of the SoLR bid.
- 5.13 We have received a draft unsecured claim from OVO in respect of the customer accounts in credit totalling £15.1 million.

#### Application to Court for directions

- 5.14 During the liquidation we have spent time obtaining legal opinions from our solicitors and Leading Counsel in respect of both the OVO and Ofgem claims to understand if the claims have a valid legal basis and whether they should rank as unsecured creditors in the liquidation.
- 5.15 Given the impact on the overall distribution rate for other unsecured creditors, it is increasingly important that Ofgem and OVO's claim are appropriately adjudicated.
- 5.16 Shortly after the Period end on 15 February 2022, the Joint Liquidators, represented by Leading Counsel, applied to court to seek directions in the matters of both the OVO and Ofgem claims. The Company's application was accompanied by applications from Iresa Energy – in administration, together with eight other additional applicants, all in administration. All seeking directions on issues that overlap with those with which the Economy Energy application is concerned.

- 5.17 A sealed Directions order was received by the Joint Liquidators on 17 February 2022 following an initial hearing. A timetable has been set out in respect of all additional hearings and all applications as listed above are to be heard together. We anticipate that a trial will be scheduled within six to twelve months.
- 5.18 Further information will be provided in the next report to creditors.

## 6 Investigations into the affairs of the Company

- 6.1 Based on the outcome of our investigations into the affairs of the Company to date there are no matters identified that need to be reported to the creditors.

## 7 Remuneration and expenses

- 7.1 Our remuneration is being charged on a time costs basis as agreed by the creditors.
- 7.2 We have incurred time costs in the Period amounting to £206,993, bringing the cumulative totals at Period end to £2,647,515 of which £1,199,605 has been paid from the liquidation estate and £850,000 was paid from the administration estate.
- 7.3 The cumulative period end recorded time costs have exceeded the time costs per the revised fee estimate of £2,265,875 agreed by creditors on 31 March 2021. The reasons for the excess are discussed at Appendix B.
- 7.4 At this time we do not seek to revise our fees estimate in order to be able to draw more remuneration.
- 7.5 We currently anticipate further payment of our remuneration from the estate of £216,270 which would result in total payment from the estate of £2,265,875; this is based on current information and is therefore subject to change.
- 7.6 Further details about remuneration and expenses are provided in Appendix B to this report.

## 8 Costs of the liquidation

- 8.1 The following table provides details of the costs of realisations incurred during the Period and cumulatively during the liquidation to date:

Liquidation costs to date		
Cost of realisations (£)	13/1/2021 to 12/1/2022	13/1/2020 to 12/1/2022
Bank charges	331	794
Corporation tax	16,615	16,615
DCA / Outsourcing costs	6,040	574,589
Debt collection infrastructure costs	-	112,993
Insurance of Assets	-	807
Legal Fees and Disbursements	22,140	98,000
Liquidators' expenses	-	976
Liquidators' fees	342,000	1,199,605
Liquidators' fees - OVO contribution	-	122,605
Litigation relates costs	264	70,134
Merchant services charges	127	10,678
Monies due to OVO	-	2,108,293
Monies returned to former customers	798	798
Statutory advertising	-	80
Storage costs	129	288
<b>Total</b>	<b>388,444</b>	<b>4,317,256</b>

- 8.2 Cost incurred were significantly lower than the previous period following the finalisation of customer account billing and reconciliation of monies due to OVO. Please refer to our last report to creditors for further details.

**9 Contact from third parties**

- 9.1 Please be aware fraudsters have been known to masquerade as the Joint Liquidators. Fraudsters may contact creditors asking for an upfront fee or tax to release an investment or to enable payment of a dividend / the release of money payable to the creditor. A liquidator would never ask for such a payment nor instruct a third party to make such a request.

**10 Data protection**

- 10.1 Any personal information held by the Company will continue to be processed in accordance with completing the liquidation of the Company and in accordance with meeting our requirements under applicable Data Protection Legislation/law in the United Kingdom. Our privacy notice on our website ([www.grantthornton.co.uk/en/privacy](http://www.grantthornton.co.uk/en/privacy)) contains further details as to how we may use, process and store personal data.

**11 Covid-19**

- 11.1 This report has been produced during the Covid-19 restrictions. We have taken every reasonable step to ensure that the information is accurate, however if any material inaccuracies are identified we will provide an explanation and corrected information in the next progress report.

**12 Contact**

- 12.1 Should you have queries please us at [cmusupport@uk.gt.com](mailto:cmusupport@uk.gt.com).

Yours faithfully  
for and on behalf of Economy Energy Trading Limited



Jon L Roden  
Joint Liquidator

Enc

## Appendix A

**Economy Energy Trading Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 13/01/2021 To 12/01/2022 £	From 13/01/2020 To 12/01/2022 £
ASSET REALISATIONS		
Bank/ISA InterestGross	2.69	17,937.73
Customer Debtors	274,932.24	801,922.72
MRASCo refund	NIL	7,823.10
Transfer from administration	NIL	12,387,200.14
Unallocated customer receipts	110.00	1,600.82
VAT Balance from Administration	NIL	507,962.99
	<u>275,044.93</u>	<u>13,724,447.50</u>
COST OF REALISATIONS		
Bank Charges	330.72	793.97
Corporation Tax	16,615.26	16,615.26
DCA/Outsourcing costs	6,040.47	574,589.20
Debt collection infrastructure costs	NIL	112,992.94
Insurance of Assets	NIL	807.13
Legal Fees and Disbursements	22,139.50	98,000.00
Liquidators' expenses	NIL	976.41
Liquidators' fees	342,000.00	1,199,604.63
Liquidators' fees - OVO contribution	NIL	122,604.63
Litigation related costs	264.00	70,134.33
Merchant services charges	126.52	10,677.77
Monies due to OVO	NIL	2,108,292.68
Monies returned to former customers	798.38	798.38
Statutory Advertising	NIL	80.00
Storage Costs	129.28	288.24
	<u>(388,444.13)</u>	<u>(4,317,255.57)</u>
PREFERENTIAL CREDITORS		
Preferential Creditors (All)	NIL	13,246.05
	<u>NIL</u>	<u>(13,246.05)</u>
FLOATING CHARGE CREDITORS		
Floating Charge Creditor - HSBC	105,339.31	105,339.31
	<u>(105,339.31)</u>	<u>(105,339.31)</u>
	<u>(218,738.51)</u>	<u>9,288,606.57</u>
REPRESENTED BY		
Barclays Floating Account		2,182,663.01
Floating Current Account		6,140,369.88
VAT on Purchases		968,082.70
VAT on Sales		(2,509.02)
		<u>9,288,606.57</u>

**Note:**

Statement of Insolvency Practice 7 states that the headings used in the Receipts and Payments Account should follow those used in any prior Statement of Affairs (SOA) or estimated outcome statement. The SOA was provided by the Company's directors at the commencement of the Administration and provided estimated to realise values for the categories of assets to be realised. The receipts above represent funds passed into Liquidation from the Administration, and as such, a meaningful comparison to the SOA by category cannot be made.

## Appendix B - Payments to the Joint Liquidators and their associates

### Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in accordance with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- fee basis
- work done by the Joint Liquidators and their team during the Period
- expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees).

## Post-appointment costs

### Fee basis of the Joint Liquidators

On 30 August 2019 the creditors resolved that remuneration be fixed according to the time properly spent by the Joint Administrators and their staff, with a fees estimate of £2,191,099.

On 31 March 2021, approved by the creditors, the fees estimate was revised with an additional fee estimate of £74,775. The fees estimate totals £2,265,875.

During the Period time costs were incurred totalling £206,993 represented by 549 hrs at an average of 355 £/hr (as shown in the 'Work done' section below). This brings cumulative recorded time costs at the Period end to £2,647,515. A description of the work done in the Period is provided in the respective section below.

Recorded time costs exceed the time costs in the fees estimate which was provided to the creditors prior to the determination of our fee basis. The reasons for the excess, as discussed in our previous progress report, are as follows:

#### 1. Debtors

The Joint Liquidators have incurred greater than anticipated costs relating to the monitoring and collection of the book debts of the Company for the following reasons:

- The process of reconciling customer accounts and issuing final bills has involved a significant amount of investigation, analysis and validation of Company information on an ongoing basis both during the administration and the liquidation to date.
- The Joint Administrators and subsequent Joint Liquidators have worked closely with SRO, AIC and SHMA and regularly monitor the debt collection position to ensure the process continues to be beneficial to the creditors as a whole.
- A considerable amount of time was also spent by the Joint Liquidators and their team assisting with the close down of the Company systems. Our input was required to ensure that SHMA were receiving the most accurate and up to date debt position and information to assist them with their debt collection process.
- The Joint Liquidators and their team continue to receive a large volume of customer calls, emails, letters and website enquiries from customers with outstanding debt balances and a significant amount of time and resource is spend investigating and responding to these customers.

Additional time spent working closely with each debt collection agent, liaising with debtors directly together with the additional time spent reconciling and validating Company data has resulted in the Joint Liquidators and their staff incurring further time costs. As the most significant asset in the estate, it has been necessary for the Joint Liquidators to invest this additional time to provide the best possible opportunity to maximise realisations. We anticipate that the additional work done and time spent by the Joint Liquidators on this process will be financially beneficial for creditors, with overall collections anticipated to be higher as a result of the actions taken above than previously estimated.

See section 3 of the main report for further details on debtor collections to date.

#### 2. Unsecured creditors

The Joint Liquidators and their team have commenced the process of adjudicating creditor claims. The level of adjudication work required for three significant and complex claims, with a potential value in excess of £60m, has resulted in greater than anticipated costs being incurred by the Joint Liquidators and we expect further costs to be incurred in relation to two of these.

The adjudication process for these claims has involved examination of complex areas of Insolvency and Energy legislation and has required significant input from the Joint Liquidators and their team together with advice from their legal advisors and Leading Counsel. This process has involved significant engagement with these creditors to establish the level and legal merit of their claims and is likely to require significant ongoing engagement with these creditors and could involve an application for court directions.

It has been necessary for the Joint Liquidators to incur, and continue to incur, these additional costs to ensure creditor claims are accurate as they will have a significant impact on the potential dividend for all unsecured creditors. These matters continue to be progressed and a more detailed update will be shared in the next report with creditors.

As at Period end, payment from the liquidation estate totalling £1,199,605 and £850,000 from the administration estate has been made towards our remuneration. Based on the report to which this document is appended, we currently anticipate further payment from the estate of £216,270 resulting in total payment from the estate of £2,265,875; this is based on current information and is therefore subject to change. Please note that the total anticipated payment does not limit the amount of remuneration that the Joint Liquidators can draw from the estate, only the fees estimate has such effect.

At present we do not expect to seek approval to draw remuneration in excess of our fees estimate, however we reserve our right to do so in the future.

## Work done by the Joint Liquidators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fees estimate provided. Our fees estimate was included within our report to creditors dated 8 August 2019. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the joint liquidators' fees incurred together with a numerical fees estimate variance analysis. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	Fees (time costs) incurred		
<b>Assets</b>				<b>122 hrs</b>	<b>£48,720</b>	<b>£/hr400</b>
<b>Debtors</b>	<ul style="list-style-type: none"> <li>Investigate and respond to customer queries</li> <li>Engage in updates with SHMA as part of the debt collections process</li> <li>Case team strategy meetings and analysis of debt collection process</li> <li>Monitor debt collections and profitability</li> </ul>	<ul style="list-style-type: none"> <li>To collect outstanding debtors to maximise realisations</li> <li>To ensure transparency with customers about the liquidation process</li> <li>To finalise the Company's asset and creditor position</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Cash at bank</b>	<ul style="list-style-type: none"> <li>Realise the remaining pre-appointment cash at bank</li> </ul>	<ul style="list-style-type: none"> <li>To realise outstanding assets of the Company</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Creditors</b>				<b>173 hrs</b>	<b>£69,176</b>	<b>£/hr400</b>
<b>Secured</b>	<ul style="list-style-type: none"> <li>Liaise with HSBC to understand the direct debit indemnity exposure and close the pre-appointment bank account</li> </ul>	<ul style="list-style-type: none"> <li>To realise the remaining pre-appointment cash at bank</li> <li>To understand the level of any floating charge distribution in the liquidation in respect of the direct debit indemnity claims honoured by HSBC</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			

<b>Employees &amp; pensions</b>	<ul style="list-style-type: none"> <li>Correspond with employees regarding paying of preferential dividends</li> </ul>	<ul style="list-style-type: none"> <li>To ensure all preferential claims are accurately recorded and reviewed</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it did not add financial value to the estate it adds value to the insolvency process</li> </ul>			
<b>Unsecured</b>	<ul style="list-style-type: none"> <li>Liaised with unsecured creditors in respect of their claims in the estate and engagement with certain key stakeholders</li> <li>Communication with credit customers regarding account queries and refunds due from OVO</li> <li>Review of unsecured claims and supporting documentation</li> <li>Liaising with legal advisors and Counsel in respect of obtaining court directions for two large unsecured claims</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed</li> <li>To ensure all unsecured claims are accurately recorded and reviewed</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> <li>To enable creditors to participate in a distribution and mitigate creditors' claims where appropriate</li> </ul>			
<b>Dividends</b>	<ul style="list-style-type: none"> <li>Commence agreement of unsecured creditor claims</li> </ul>	<ul style="list-style-type: none"> <li>To prepare for a distribution to creditors</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> </ul>			
<b>Administration</b>				<b>254 hrs</b>	<b>£89,097</b>	<b>£/hr351</b>
<b>Case management</b>	<ul style="list-style-type: none"> <li>Internal case management including strategy discussions, managing case diary line and regular file reviewed by the Insolvency Practitioners, their team and internal risk management team</li> </ul>	<ul style="list-style-type: none"> <li>To comply with insolvency law and regulations</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary for administrative purposes and/or complying with statutory requirements and it had no direct financial benefit to the estate</li> </ul>			
<b>Reports to creditors, notices &amp; decisions</b>	<ul style="list-style-type: none"> <li>Drafting and filing Joint Liquidators' progress report</li> <li>Obtaining approval regarding increasing the Joint Liquidators' remuneration</li> <li>Monitoring deemed consent and/or decision procedure, reviewing submissions, establishing the decision outcomes,</li> </ul>	<ul style="list-style-type: none"> <li>To comply with insolvency law and regulations</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary for administrative purposes and/or complying with statutory requirements and it had no direct financial benefit to the estate</li> </ul>			



assessing validity and reporting as appropriate

<b>Treasury, billing &amp; funding</b>	• Undertake bank reconciliations	• To facilitate the administration by accounting for receipts and payments	• This work was necessary for administrative purposes and/or complying with statutory requirements and it had no direct financial benefit to the estate
	• Manage and maintain the estate's bank accounts	• To comply with insolvency law and regulations	
	• Processing receipts and payments		
	• Allocating a large volume of receipts from customer debtors		
<b>Tax</b>	• Reconciliation of post appointment VAT position	• To comply with tax and insolvency legislation	• This work was necessary for administrative purposes and/or complying with statutory requirements and it had no direct financial benefit to the estate
	• Prepare and submit liquidation corporation tax computation and return		
<b>Pensions</b>	• Advise on employee queries relating to pension claims	• To comply with pensions legislation	• This work was necessary for administrative purposes and/or complying with statutory requirements and it had no direct financial benefit to the estate
<hr/>			
<b>Total time costs charged in the Period</b>			<b>549 hrs    £206,993    £/hr355</b>

Commercial in confidence

Detailed SIP9 time cost analysis for the Period and fee estimate variance analysis as at Period end

Period from 13/01/2021 to 12/01/2022

Area of work	Partner		Manager		Executive		Administrator		Period Total (Liquidation)		Cumulative total (liquidation) as at Period end		Administration Time Costs		Cumulative total as at period end		Fees estimate		Variance	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	£/hr		Hrs	£	£/hr		Hrs	£	£/hr	
Trading:													536.35	213,857.50	398.73	536.35	213,857.50	398.73	589.45	246,450.00
Trading general													536.35	213,857.50	398.73	536.35	213,857.50	398.73		
Realisation of assets:									122.05	48,720.00	399.18	826.50	324,282.50	392.38	1,471.15	674,351.50	458.38	2,297.65	908,634.00	434.63
Insurance											0.70	245.00	350.00	4.70	1,398.00	297.45	5.40	1,643.00	304.26	
Stock & WIP													0.50	300.00	600.00	0.50	300.00	600.00		
Property											1.20	490.00	408.00	15.75	6,081.50	384.86	16.95	6,541.50	385.93	
Debtors	14.45	6,670.00	47.20	18,880.00	43.80	15,330.00	-	105.45	42,880.00	406.64	783.30	308,597.50	393.97	1,237.50	552,772.50	446.68	2,020.80	861,370.00	426.25	
Cash at bank		0.60	240.00	16.00	5,600.00	-	-	16.60	5,840.00	351.81	16.60	5,840.00	351.81	-	-	-	16.60	5,840.00	351.81	
Other assets											24.70	9,120.00	369.23	212.70	113,819.50	535.12	237.40	122,939.50	517.86	
Investigations:											0.30	105.00	350.00	151.70	54,821.80	361.36	152.00	54,926.00	361.36	96.70
Director / senior employees													0.65	322.50	496.15	0.65	322.50	496.15		
Books & records											0.30	105.00	350.00	-	-	-	0.30	105.00	350.00	
Investigations													151.05	54,498.50	360.80	151.05	54,498.50	360.80		
Creditors:									173.15	69,176.00	399.51	681.20	261,166.00	383.39	1,234.30	488,289.50	330.79	1,915.50	669,455.50	349.49
Secured	2.00	1,200.00	-	-	-	-	-	2.00	1,200.00	600.00	3.30	1,720.00	521.21	0.90	320.00	400.00	4.10	2,040.00	497.56	
Employees & pensions	17.00	10,200.00	108.55	43,420.00	32.40	11,340.00	10.90	2,398.00	168.85	67,358.00	398.92	72.65	23,121.50	318.26	289.45	102,629.50	338.28	359.10	125,751.00	350.18
Unsecured											602.20	235,386.50	390.88	945.55	304,305.00	321.89	1,547.75	538,751.50	348.73	
General													1.50	975.00	650.00	1.50	975.00	650.00		
Dividends						0.15	33.00	0.15	33.00	220.00	3.05	938.00	307.54	-	-	-	3.05	938.00	307.54	
Administration:									253.85	99,097.00	350.98	619.73	220,728.00	356.17	1,193.21	489,913.80	410.58	1,812.94	710,641.80	391.98
Take-on											1.00	400.00	400.00	-	-	-	1.00	400.00	400.00	
Appointment formalities											3.00	875.00	291.67	-	-	-	3.00	875.00	291.67	
Case set-up											3.25	1,137.50	350.00	-	-	-	3.25	1,137.50	350.00	
Case management	13.10	7,940.00	8.80	3,520.00	16.20	5,670.00	7.05	1,551.00	45.15	18,681.00	413.75	193.93	76,633.50	395.16	505.16	236,297.80	467.77	699.09	312,931.30	447.63
Other lps, OR, AIB													33.50	21,712.50	648.13	33.50	21,712.50	648.13		
Reports to creditors, notices & decisions			1.25	500.00	29.40	10,290.00	8.90	1,496.00	37.45	12,286.00	328.06	38.20	12,451.00	325.94	9.30	66.00	220.00	38.50	12,517.00	325.12
Treasury, billing & funding	1.25	750.00	22.10	8,840.00	51.85	17,145.00	13.95	3,069.00	89.15	29,804.00	334.31	236.85	76,389.50	322.48	274.15	80,939.50	295.24	511.00	157,320.00	307.87
Tax	2.70	1,620.00	45.20	18,132.00	7.60	2,660.00	26.40	5,808.00	81.90	28,220.00	344.57	141.80	51,949.50	366.36	347.90	133,772.00	384.51	489.70	185,721.50	379.26
Pensions		0.20	105.00	-	-	-	-	0.20	105.00	530.00	1.70	901.00	530.00	32.20	17,126.00	531.86	33.90	18,027.00	531.77	
Total	50.59	30,380.00	233.90	93,638.00	198.15	68,345.00	66.50	14,630.00	549.05	206,993.00	354.85	2,127.73	806,281.50	378.94	4,586.71	1,841,233.30	401.43	6,714.44	2,647,514.80	394.30

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant manager and executives
- Adverse variances are presented in brackets
- Total time costs paid to date: £2,049,605

Please note that the actual time incurred in the Period may slightly differ to that reported in the table above. This is due to lags between time being recorded on our internal system by staff and then being posted to the case. We do not expect any differences to be material and any such discrepancies will be noted in our next report.

## Statement of expenses incurred in the Period

This table provides details of expenses incurred in the Period in connection with the work done by the Joint Liquidators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
<b>Category 1 expenses</b>			
<b>Bank Charges</b>	331	794	794
<b>Corporation Tax</b>	16,615	16,615	16,615
<b>DCA/Outsourcing costs</b>	6,040	574,589	574,589
<b>Debt collection infrastructure costs</b>	-	112,993	112,993
<b>Insurance of Assets</b>	-	807	807
<b>Legal Fees and Disbursements</b>	22,140	98,000	
Squire Patton Boggs (UK) LLP			98,000
<b>OVO contribution to costs</b>	0	122,605	122,605
<b>Litigation related costs</b>	264	70,134	70,134
<b>Merchant services charges</b>	127	10,678	10,678
<b>Monies due to OVO</b>	-	2,108,293	2,108,293
<b>Monies returned to former customers</b>	798	789	798
<b>Statutory Advertising</b>	-	80	80
<b>Storage Costs</b>	129	288	288
<b>Category 2 expenses</b>			
<b>Mileage</b>	-	-	-
<b>Total expenses</b>	<b>46,444</b>	<b>3,116,665</b>	<b>3,116,665</b>

Expenses are any payments from the estate which are neither the Joint Liquidators' remuneration nor a distribution to a creditor or member, but they may include disbursements which are payments first met by and then reimbursed to the Joint Liquidators from the estate. Expenses fall into two categories:

### Category 1 expenses

These are also known as 'out of pocket expenses' and are payments to third parties not associated with the Joint Liquidators where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval from creditors.

### Category 2 expenses

These are expenses directly referable to the insolvent estate but payments that are either to an associate, or that include shared or allocated costs that may be incurred by the Joint Liquidators or their firm and that can be allocated to the appointment on a proper and reasonable basis. Category 2 expenses require approval in the same manner as the Joint Liquidators' remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the body of creditors on 26 March 2019:  
That the joint administrators' out of pocket expenses at cost; mileage is charged 45p per mile, be approved. Mileage is charged 45p a mile. VAT is added as appropriate.

	Fee / cost basis	Resolution obtained
<b>Mileage</b>	Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are provided in the table above, where incurred	On 26 March 2019 the creditors resolved that the Joint Administrators' out of pocket expenses at cost be approved.

## Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. We disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has an association.

To the extent that services have been enlisted from Grant Thornton UK LLP's specialist teams, for example tax, pensions, digital forensics, or any others, the narrative for and cost of their work is included in the work done narrative and SIP9 time costs analysis details in the Work done by the Joint Liquidators and their team during the Period section above.

We confirm that in the Period, we have not enlisted any other services from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has an association.

## Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the Joint Liquidators' fee basis, or who provide services to us as Joint Liquidators, which may give rise to a potential conflict.

## Sub-contracted work

We confirm that, in the Period, we have not sub-contracted any work that could otherwise have been carried out by us or our team.

## Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie Administrators or Liquidators) fees, and the roles and functions of committees is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.