In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10
Notice of administrator's progress report

Companies House

THURSDAY

AABPQ2L4
A06 26/08/2021 #68
COMPANIES HOUSE

1 Company details

Company number	0 9 5 2 3 0 6 6
Company name in full	Green Network Energy Ltd

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

2 Administrator's name

Full forename(s)	Matthew James
Surname	Cowlishaw

3 Administrator's address

Building name/number	156 Great Charles Street
Street	Queensway
Post town	Birmingham
County/Region	
Postcode	B 3 3 H N
Country	

4 Administrator's name ❶

Full forename(s)	Ian Colin
Surname	Wormleighton

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	60 St Martin's Lane
Street	London
Post town	WC2N 4JS
County/Region	
Postcode	
Country	

❷ **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 0 d 2	m 0 m 2	y 2 y 0 y 2 y 1
To date	d 0 d 1	m 0 m 8	y 2 y 0 y 2 y 1

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X	X
Signature date	d 2 d 5	m 0 m 8 y 2 y 0 y 2 y 1

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: Narinder Aheer

Company name: Teneo Restructuring Ltd

Address: 156 Great Charles Street
Queensway

Post town: Birmingham

County/Region:

Postcode: B 3 3 H N

Country:

DX:

Telephone: +44 121 619 0120

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 or email enquiries@companieshouse.gov.uk

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

Teneo®

The Global CEO Advisory Firm

Court Case No. 31 of 2021
High Court of Justice Business and
Property Courts in Birmingham
Company Number: 09523066

Registered Office:
c/o Teneo Restructuring,
156 Great Charles Street
Queensway
Birmingham
B3 3HN

Green Network Energy Limited (in administration)
("the Company")("GNE")

Progress report to creditors for the period 2 February 2021 to 1 August 2021 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

25 August 2021

Matthew James Cowlishaw and Ian Colin Wormleighton ("the Joint Administrators") were appointed Joint Administrators of the Company on 2 February 2021 by SmartestEnergy Limited ("SEL") of The Columbus Building, 7 Westferry Circus, London, E14 4HD. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Teneo Restructuring Limited ("Teneo") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation

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Key messages

Key messages

Joint Administrators of the Company

Matthew James Cowlishaw

Ian Colin Wormleighton

Teneo Restructuring

156 Great Charles Street

Queensway

Birmingham

B3 3HN

Contact details

Email: GNEadministration@teneo.com

Website: www.ips-docs.com

Tel: 0121 619 0141

	Commentary
Purpose of administration	• The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.
Important Notice re Administrators' Contact details	• On 29 May 2021 the UK Restructuring Practice of Deloitte LLP was sold to Teneo Restructuring Limited ("the Transaction"). The majority of live insolvency appointments, including this administration appointment, was transferred to Teneo, with its respective officeholders and case teams, as part of the Transaction. Please also note that our Teneo contact details are provided on the left hand column of this page.
Progress of administration	• On 27 January 2021 the energy regulator Office of Gas and Electric Markets ("Ofgem") initiated the Supplier Of Last Resort ("SoLR") process resulting in the transfer of all of GNE customers to EDF Energy Limited ("EDF") on 31 January 2021. The Company subsequently went into Administration on 2 February 2021. • In the period we have, and continue to conduct, an orderly wind down of the business with c.99.9% of customer accounts being successfully transferred to EDF and c.94% of all live customer accounts receiving final bills. • We have entered into a transitional service agreement ("TSA") with EDF to support the change of supply and account migration process in addition to the generation of final bills for customers. • We have also entered into an agreement to sell the GNE book debts associated with customer account debit balances to EDF. Please see page 6 for further details. • We have continued to resolve various billing disputes and undertake final billing across all customer accounts which we anticipate will be completed before the end of November 2021. • An appropriate number of employees have been retained to support customer migration, complete the final billing process and deal with inbound customer queries. • Fixed charge proceeds of £28.5m have been received through a combination of cash at bank on appointment and book debt receipts which have been duly paid to the secured creditor, see page 13 for further details. • Floating charge realisations achieved in the period total £18.3m, this is comprised of £9.8m book debt receipts, £1.8m cash at bank, £3.9m pre-appointment VAT refund, £22k other receipts and a £2.8m contribution from EDF Energy under the transitional service agreement ("TSA"). This is separate of the amount received in relation to the customers which now belong to EDF as shown on page 10. Total payments made to suppliers for services under the TSA are £4.5m.
Costs	• We have not fixed the basis on which we are to be remunerated. We are now seeking approval from unsecured creditors via a decision of creditors. Please note that formal notice has been uploaded to the website with this report. • We have incurred disbursements of £1.5k in the report period. Please see page 18 for further details. • Third party costs and expenses of £123.9k have been incurred in the report period. Please see page 10 for further details.

Key messages

	Commentary
Outstanding matters	• Complete the final billing process with the assistance of EDF which will release further book debt considerations. • Recovery of further pre-appointment VAT refund estimated at £1.9m. • Following completion of the final billing process, a third party agent will be appointed to realise chattel assets which primarily relate to IT equipment. • Prepare for and make distributions to preferential creditors and unsecured creditors in the subsequent Creditors Voluntary Liquidation. • Statutory closing procedures
Dividend prospects	• Secured creditors – The secured creditors will be repaid in full. • Preferential creditors – There will be sufficient realisations to enable payment in full of preferential claims. • Unsecured creditors – It is likely that there will be a distribution for unsecured creditors
Extension to administration period	We do not anticipate that it will be necessary to extend the period of the administration which is due to end on or before 1 February 2022. We will file the necessary forms with Companies House with which the convert the administration to a liquidation in order that a dividend to unsecured creditors may be paid.

Progress of the administration

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Progress of the administration
Summary

Background

On 25 January 2021, the Directors notified Ofgem it was their intention to invoke the Supplier of Last Resort ("SoLR") process which Ofgem subsequently commenced on 27 January 2021.

Following a competitive tender process, on 31 January 2021, EDF Energy was announced as the SoLR with all domestic and non-domestic customers transferring from GNE to EDF Energy.

This process will allow EDF Energy to continue to supply customers without disruption and honour any outstanding credit balances for domestic and non-domestic customers.

Following the SoLR announcement and once it became clear that the Company would be unable to pay its debts as they fell due, the Directors filed a Notice of Intention ("NOI") to appoint the Company's incumbent restructuring advisors as Administrators on 29 January 2021.

Under the terms of their qualifying floating charge and prior to the expiration of the NOI, SEL instead elected to appoint Matthew James Cowlishaw and Ian Colin Wormleighton as Joint Administrators of GNE on 2 February 2021.

Work done during the report period

Given the SoLR process and transfer of the customers to EDF it was not possible to trade the business as a going concern.

As such, the Joint Administrators have implemented a wind down strategy in order to maximise the value of the assets which primarily consist of the customer book debts.

The key elements of this wind down strategy comprise:

1. **Securing a sale of the customer book debts to EDF** which the Joint Administrators believe will maximise value for creditors compared to the alternative of collecting out the book debts themselves. Please see page 6 for further information.
2. **Entering a Transitional Services Arrangement ("TSA")** with EDF for the provision of services including:
   - support the change of supply process and migration of customer accounts;
   - produce a final bill for all live and term customers accounts;
   - bulk transfer of Direct Debit mandates from GNE to EDF;
   - provision of management information and key data to support in the customer migration and final billing process; and
   - customer correspondence to resolve inbound disputes and queries relating to account transfers.

   For the provision of services agreed under the TSA, a cost sharing arrangement between the Joint Administrators and EDF was agreed.

   Total amounts paid to suppliers during the TSA period equal c.£4.5m. To date, EDF have contributed c.£2.8m towards these costs. A final reconciliation of all costs incurred under the TSA will take place at the end of the TSA term. Please see the receipts and payments account on page 10 for further detail.
3. **Retaining employees to support the TSA**. The Company had 210 employees at appointment of which 174 were initially retained to assist with the delivery of the TSA wind down along with one IT contractor. Through natural attrition, there are currently 53 employees retained to support the wind down process.
4. **Liaising with key suppliers** to maintain operational infrastructure primarily in relation to the IT environment to ensure billing capabilities were maintained.
5. **Agreeing a customer communications strategy with EDF** which included retaining a third-party call centre to support with inbound customer contact.

Progress of the administration

Summary

Work done during the report period continued

Book debts

As detailed in the Joint Administrators' Proposals, after extensive negotiations, on 19 March 2021, the Joint Administrators agreed to sell all customer book debts to EDF.

GNE is continuing to finalise customer accounts as at the date of SoLR. The latest reconciliation of customer accounts indicates that as at the date of the SoLR, GNE's sales ledger included estimated billed and unbilled customer debts of:

- Domestic customer: £66.6m; and
- Non-domestic customers: £1.5m.

This includes a total of £13.1m of 'term' debt for customers who have left GNE both prior to 31 January 2021 and since 31 January 2021.

The consideration will be calculated based on:

- the customers final account balance at the date of SoLR based off an industry generated meter reading; and
- a pence in pound consideration based on the classification of a customer (e.g. live customer who has transferred to EDF vs a customer who left GNE pre or post the SoLR date) at the date the customer is transferred to EDF under the change of supply process.

Based on the current estimated customer debt position at 31 January 2021 and customer classification, revised for the latest reconciliation of the debt position, the estimated consideration for the book debt is c.£35-c.£40m. Approximately £25.6m has been collected to date.

The final consideration will be confirmed once all final bills have been produced and, should there be variance in the final bill value compared to the current estimated position, an adjustment to the consideration payable by EDF will be made.

The Joint Administrators are currently working with the retained GNE team and EDF to produce the final bills for all customers, the process of which is expected to be finalised by the end of November 2021.

An initial consideration amount of c.£17m was received on completion of the sale plus an additional £3m which was initially retained by Santander and has since been released to the administration. The remaining consideration is due to be paid at milestone dates throughout the final billing process before a final payment being made 12 weeks following the last final customer bill being raised. As above, consideration to date totals £25.6m which is split between fixed and floating charge realisations per our receipts and payments account on page 10.

We will provide an update on the final billing process and any adjustments to consideration value in our next report.

Cash at Bank

At the date of our appointment, the Company held cash totalling £18,925k across 7 bank accounts. This is split between fixed and floating charge bank accounts as shown on page 10 and outlined below:

- £17,041k - Cash held in Santander fixed charge bank account and subject to Smartest's fixed charge security. £12,766k was received on appointment and the remaining £4,275k was received post SoLR and therefore has formed part of the reconciliation with EDF as part of the sale of the book debts. (This forms part of the balance shown as 'EDF customer receipts (held in escrow) on page 10);
- £54k – Cash held in Santander floating charge bank accounts; and
- £1,829k - Cash held in Barclays floating charge bank accounts.

These funds have been transferred to the administration interest-bearing bank accounts following our appointment.

Credit Cover deposits

The Company had lodged £4.5m of credit cover deposits with key suppliers.

The Administrators are in the process of corresponding with these suppliers in order to recover any equity from these funds.

Given the terms and conditions of the agreements, the suppliers are likely to set-off the security deposits owing to them, albeit there may be some balances to be released back to the Administration estate once final industry reconciliations have been undertaken. During the period we have received £16.7k, further funds are expected during the next report period.

Progress of the administration

Summary

Work done during the report period Continued

Pre-appointment VAT return

Prior to our appointment the Company submitted VAT returns to HM Revenue and Customs ("HMRC") for the period of 1 November 2020 – 30 November 2020 and 1 December 2020 – 31 December 2020.

These returns have generated a refund for the Company totalling £3,863k. These funds have been received into the administration bank account.

In the period we have liaised with relevant VAT specialists in relation to the VAT return for the final pre-appointment period of 1 January 2021 – 1 February 2021. This work will continue, and we expect to be able to submit the return to HMRC in the next period. An update will be provided in our next report.

Leasehold property

The Company operated from the ground and third floor of a leasehold property based in Croydon, with the lease held by the parent company Green Network UK PLC ("GNUP").

In the period, we have exited the ground floor premises, consolidating the IT infrastructure on to the third floor.

The Joint Administrators have entered into a tenancy agreement with GNUP for occupation of the third floor through to the end of November 2021, at which time we will be looking to exit the premises following completion of the final billing process.

Pre-appointment Group Recharge

£4.5k has been received in the period in relation to an intercompany recharge.

Director Conduct Report

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 30 April 2021.

Chattel assets

As at the date of appointment, GNE owned a quantity of tangible assets including employee laptops, desks, chairs, office equipment, fixtures and fittings across its trading premises.

On exiting of the ground floor premise, we appointed agents to dispose of the fixtures and fittings, primarily office equipment.

Net consideration proceeds of £5.3k are being held by the agents and are in the process of being transferred to the Administration estate.

On completion of the final billing process, the Joint Administrators plan to appoint agents to value and dispose of the assets on the third floor including the IT equipment.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

This process is currently ongoing and further updates will be provide in the next report.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on the cover page.

Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case set-up and management actions, including updating the insolvency creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the Proposals;
- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential report to the Insolvency Service on the directors' conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Progress of the administration
Summary

Third party costs incurred during the report period

The following third party expenses have been incurred during the report period:

Legal Costs:

- We have instructed Eversheds Sunderland LLP ("Eversheds"), a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the following legal matters and to prepare required legal documentation in relation to:
  - Validity of Appointment review in respect of our appointment as Administrators of the Company;
  - Prepare / review bulk change deed to support the transfer of customer direct debit mandates to EDF;
  - Prepare / review data sharing arrangement;
  - Prepare / review the Transitional Services Agreement between the Company and EDF;
  - Prepare / review the sale and purchase agreement for the customer book debts;
  - Initial advice in relation to continued occupation of the Croydon Property.
- To date costs of £124.9k (plus VAT) have been incurred and they have estimated that their further fees will be in the region of £25k (plus VAT).

Agent costs:

- We have instructed Wyles Hardy & Co. Ltd, agents with the appropriate expertise and experience, to undertake a review of the Company's chattel assets and support in the sale of certain fixtures and furniture located on the ground floor of the Company's leaseshold premises.
- To date, their costs have amounted to £4.7k (plus VAT and they have estimated that their further fees will be in the region of £5.0k (plus VAT).

The above costs have not yet been paid and will be settled in the next period. All professional costs are reviewed and analysed in detail before payment is approved.

Progress of the administration

Receipts and payments

Green Network Energy Ltd
Joint Administrators' receipts and payments account
02 February 2021 to 01 August 2021

£	SoA values	Notes	To date
ASSETS SUBJECT TO FIXED CHARGE			
Receipts			
Cash at Bank (Fixed)	*12,798,237*		12,766,406
Book Debts (Fixed)	-	*D*	15,787,122
Total Receipts	*12,798,237*		**28,553,527**
Payments			
Fixed Charge Distribution - SEL			28,553,527
			28,553,527
Balance			-
ASSETS SUBJECT TO FLOATING CHARGE			
Receipts			
Book Debts	*38,017,779*	*D*	9,799,486
EDF Customer Receipts (to be returned)	-	*E*	26,043,956
EDF Customer Receipts (held in Escrow)	-	*E*	11,569,540
EDF TSA contribution	-		2,802,714
VAT Refund	*6,921,166*		3,864,023
Cash at Bank	*2,139,012*		1,883,910
Pre-appointment group recharge	-		4,503
Pre-Appointment Deposits	-		16,714
Pension Refund	-		133
Bank Interest Gross	-	*A*	447
Funds Received in Error	-		6,520
Other Receivables	*551,284*		-
Sundry Refunds	-		842
Total receipts	*47,629,241*		**55,992,787**
Payments			
Wages & Salaries		*F*	2,341,862
Other Payroll Costs		*F*	5,409
Call Centre Costs		*F*	452,116
IT Costs		*F*	1,379,014
Information Request Costs		*F*	846
Contractors		*F*	45,372
Metering		*F*	211,268
Other Comms		*F*	18,142
Printing		*F*	13,973
Ransom Creditors		*G*	16,786
Payment of EDF Customer Receipts		*E*	26,043,956
Payment of Funds Received in Error			6,520
Postage & Redirection			519
Statutory Advertising			99
Insurance of Assets			2,652
Bank Charges			110
Total payments			**30,538,645**
Balance			**25,454,143**
Made up of:			
Floating Charge Current Account		*A*	25,622,302
Trade Creditors		*C*	(77,922)
VAT Payable		*B*	(90,237)
Balance in hand			**25,454,143**

A receipts and payments account is provided opposite detailing the transactions during the period of our appointment on 2 February 2021 to 1 August 2021.

Notes to receipts and payments account

A - Bank interest

All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

B - VAT

All sums shown opposite are shown net of VAT, which is payable and will be accounted for to HM Revenue & Customs in due course.

C - Accruals

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

D – Book debts

Book debts of £25.6m represent the consideration paid by EDF to date as part of the book debt sale to date. Given the nature of Smartest's security, these were fixed charge realisations to the extent to which they was required to settle Smartest's debt (with the surplus reported within floating charge).

E – Customer receipts held on behalf of EDF

Amounts collected from customers post appointment on behalf of EDF. Monies have subsequently been transferred to EDF following the debt book sale in line with the debt sale agreement. The balance remains in escrow held to pay future book debt consideration and TSA costs as shown opposite.

F – Trading costs

A number of costs in relation to wind down of the Company have been incurred, totalling £4.47m, as part of the delivery of the TSA for EDF as detailed on page 6.

G – Ransom creditors

£16.7k has been paid in respect of two critical suppliers - £14.6k to the Company's IT contractor, and £2.2k to an industry supplier.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Progress of the administration

Pre-administration costs

Pre administration costs

We included the following statement of pre administration costs in our Proposals:

In the following paragraphs we have provided an explanation of the work carried out by us and by Eversheds in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration, being a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies.

Joint Administrators' pre-appt costs

Please note that this work was primarily performed by senior, experienced staff due to the complex nature of the engagement not least the regulatory requirements in relation to the SoLR process.

- Liaising with lawyers in relation to preparation and signing of appointment documents;
- Developing employee strategy;
- Liaising with Company side advisors to develop Administration strategy post appointment;
- Collating company data, financial information and stakeholder records in preparation for the administration appointment;
- Analysis and advice from a tax perspective on immediate tax actions required by the administrators on appointment;
- Liaising with the Secured Creditors and investor.

This work was required to be completed pre-appointment primarily in order to ensure a smooth transition of customers in the SoLR process and thereby preserving the value of customer accounts.

In relation to this work, our time costs are £20,969 plus VAT.

We have not had any payment against these time costs.

Eversheds' pre-appt costs

During planning for the administrations, we were provided with legal assistance by Eversheds, who were instructed by us to validate the security position in respect of Smartest for a QFC appointment, draft appointment documents, obtain FCA consent for the administration, make various applications to Ofgem, and liaise with the Court.

£4,852 will be sought for approval in this regard.

Approval to draw pre administration costs

We are now seeking approval of both these amounts by a decision of unsecured creditors as detailed on page 3. Please see formal notice and the necessary forms that have been uploaded to the website.

Information for creditors

Outcome

13

Information for creditors

Outcome

Outcome for creditors

Secured creditors

The Company's records show SmartestEnergy Limited and Santander UK PLC as the Company's secured creditors ("the Secured Creditors").

At the date of our appointment, the following amounts were owed to them:

- SmartestEnergy Limited ("Smartest") – £28.5m
- Santander UK PLC – Currently uncertain in value

The value of the debt owed to Santander is contingent as it is dependent on the value of chargeback claims received. It is not yet possible to ascribe a value to the amounts owed.

Both creditors are secured by way of fixed and floating charges granted by the Company on 29 September 2020 and 30 November 2020, respectively.

A deed of priority between the Secured Creditors confirms that Santander's security interests rank behind that of Smartest's.

Smartest have been paid in full from fixed charge realisations in the period.

SmartestEnergy Limited

The debenture granted to Smartest includes a fixed charge over cash held in a specific account in addition to certain debtors. Legal advice obtained from Eversheds LLP has confirmed the validity of this charge.

Following the sale of the debt book, there were sufficient fixed charged realisations to pay Smartest Energy in full under their fixed charge security.

£28.5m was paid to Smartest on 22 March 2021.

Santander UK PLC

Santander's security provides cover in respect of chargeback risk on the merchant service facility provided. The exact quantum of the debt is currently being calculated but we note that this risk has been reduced as the customer Direct Debit ("DD") mandates were transferred to EDF as part of the change of supply process. An update will be provided in our next report.

Preferential creditors

Preferential claims consist of amounts owed to employees and HMRC for arrears of wages, holiday pay, pension contributions and payroll taxes. The directors' statement of affairs estimated preferential claims totaling c.£756.9k. However, we as Joint Administrators have not reviewed this figure and would anticipate that this number will be lower once claims have been received and agreed later in the administration.

To date we have received 169 preferential claims totalling c.£426.5k, which is inline with expectations as detailed in our Proposals. On present information it is likely that these claims will be paid in full.

Secondary Preferential Debts due to HM Revenue and Customs ("HMRC")

Secondary preferential debts are debts due to HMRC in respect of deducted taxes, including VAT, PAYE, student loan repayments, employee NICs and CIS deductions. We estimate that HMRC will have a secondary preferential claim of c.£637.2k in respect of VAT, PAYE, student loan repayments, employee NICs and CIS deductions. On present information we anticipate that sufficient funds will become available to enable such claim to be paid in full.

Unsecured creditors

Prescribed Part

As detailed in our Proposals, the Secured Creditors will be paid in full and unsecured creditors will therefore receive a dividend over and above the value of the distribution that would have been available under the Prescribed Part.

Unsecured creditors

The director' statement of affairs shows 153 unsecured creditors with estimated non-preferential claims totaling £115.9m. We have received 42 claims to date for a total of £46.5m.

On present information we anticipate that there will be sufficient funds to enable a distribution to be made to unsecured creditors

Information for creditors

Outcome

Claims process

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of debt form to us.

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a proof of debt form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Extensions to the administration

We do not anticipate that it will be necessary to extend the period of the administration, which is due to end on or before 1 February 2022.

Exit

As detailed in our Proposals, we consider that a move to creditors' voluntary liquidation to enable a dividend (other than the prescribed part distribution) to be paid to the unsecured creditors to be the most appropriate exit route from administration.

Remuneration and expenses

Joint Administrators' remuneration 16

Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com.

Should you require a paper copy, please send your request in writing to us at the address on the cover page and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration has not yet been fixed. Accordingly, We are holding a decision procedure to fix the basis of our remuneration on a time costs basis. The decision procedure will be conducted by correspondence, please see formal notice and the necessary forms that have been uploaded to the website.

Fees drawn to date

Time Costs

No fees have been drawn to date as we do not yet have fee basis approval.

Time costs - analysis of actual against initial estimate

Please refer to page 17 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and for the entire period of our appointment.

Our total time costs to 1 August 2021 are £2,514k made up of 3423.6 hours at a blended charge out rate of £734 per hour across all grades of staff.

Time costs have exceeded initial estimate

As can be seen on page 17 our actual time costs are higher than we initially anticipated, which can be attributed to the following:

- The change of supply and final billing process for all 360k customers has taken longer than initially expected due to complexities in agreeing a suitable approach with EDF for customer account migration and the final billing (which includes ensuring correct tariffs are used for customer bills), daily update calls and meetings with both the GNE operational teams and EDF, and a greater than anticipated level of billing exceptions which required a suitable action plan to be agreed and higher levels of manual processes. This has resulted in additional time input from the administration team monitoring trading, dealing with final billing processes and liaising with EDF in order to work through the issues. The ongoing complexities has required senior grades of staff to perform the work.
- A number of resignations of GNE employees (including but not limited to HR and team leaders) has resulted in additional management time incurred by the administration team.
- Having to consider and implement several employee retention extensions given the longer process.
- Additional cashiering tasks have been carried out in relation to dealing with the volume of receipts into GNE's bank account, returning certain funds to EDF, processing payroll and supplier payments and liaising with Santander in relation to minimum funds to be held and closure of bank accounts.
- Higher than anticipated costs have been incurred in relation to the sale of book debts due to the complex nature of the sale agreement and ongoing book debt reconciliations with EDF as the final billing process progresses, including milestone reconciliations. This has resulted in a significant number of hours being required and the complexity has also necessitated senior grades of staff being used to complete the work.
- Higher volume than anticipated of customer queries regarding the SoLR process and final billing process.

As noted, we have not yet taken steps to fix the basis of our remuneration. Consequently, our request to fix the basis of our remuneration is by reference to the revised Fees Estimates on page 17, which shows the value of our initial Fees Estimate, the additional costs that we anticipate incurring to the end of the administration and therefore the revised Fees Estimate, in addition to the actual time costs incurred to date. Our revised budget is now expected to be £3.52m compared with £2.37m per our Proposals Fees Estimate due to the complexities encountered and additional work that has been required as detailed above.

Fees Estimate and Joint Administrators' time costs for the period of the report and for the entire period of the appointment All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity		Initial Anticipated Time and Costs per Fees Estimate			Additional Time Estimated			Updated Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	64.3	630	40,528	90	467	41,877	154.0	535	82,405	131.3	534	70,076
	Case supervision	162.7	725	118,028	-	-	(434)	162.7	723	117,594	123.6	770	95,166
	Case reviews	10.5	570	5,982	-	-	(641)	10.5	509	5,341	-	-	-
	Case closure matters	26.5	668	17,715	-	-	(2,935)	26.5	558	14,780	-	-	-
Statutory & compliance	Compliance & IPS diary	28.4	514	14,604	-	-	2,427	28.4	600	17,031	18.8	619	11,641
	Insurance	18.5	583	10,785	(4)	175	(751)	14.2	707	10,034	9.2	692	6,371
	General reporting	110.4	599	66,104	18	905	15,878	128.0	641	81,982	80.0	639	51,082
	Regulatory & other legislation	14.0	723	10,092	(7)	718	(5,351)	6.5	729	4,740	-	-	-
Initial actions	Appointment matters	15.6	892	13,917	5	(127)	(635)	20.6	645	13,282	20.6	645	13,282
	Securing assets	5.0	786	3,930	(3)	547	(1,368)	2.5	1,025	2,563	2.5	1,025	2,563
	Notifications	55.5	556	30,880	(8)	231	(1,836)	47.6	611	29,044	47.6	611	29,044
Investigations	CDDA reporting	39.4	518	20,413	11	(48)	(503)	50.0	399	19,910	50.0	399	19,910
	Investigations	38.7	780	30,180	49	208	10,077	87.3	461	40,257	52.3	325	16,956
Total of above categories		**589.5**	**650**	**383,157**	**149**	**374**	**55,804**	**738.6**	**594**	**438,962**	**535.7**	**590**	**316,089**
Taxation	Tax	41.8	591	24,690	-	-	1,427	41.8	625	26,116	1.8	612	1,077
	VAT	69.3	643	44,540	-	-	2,792	69.3	683	47,332	27.3	772	21,036
Asset realisations	Book debts	416.9	674	281,189	-	-	129,020	416.9	984	410,209	337.5	1,015	342,600
	Chattel assets	83.1	672	55,851	(18)	316	(5,832)	64.6	774	50,019	29.6	949	28,132
	Other assets	72.4	701	50,734	(26)	579	(14,825)	46.8	768	35,908	31.8	754	23,950
	Property	41.0	753	30,890	-	-	3,061	41.0	828	33,950	28.3	919	26,009
	Sale of business	182.2	824	150,121	(68)	489	(33,418)	113.8	1,026	116,704	113.8	1,026	116,704
Trading	Day 1 control of trading	68.0	750	51,030	(2)	415	(685)	66.4	759	50,346	66.4	759	50,346
	Ongoing trading	954.1	682	650,520	924	686	634,113	1,878.0	684	1,284,633	1,537.4	671	1,031,908
	Monitoring trading	293.3	693	203,314	79	1,660	131,248	372.4	899	334,561	192.4	1,045	201,001
	Closure of trade	136.5	664	90,613	-	-	262	136.5	666	90,875	-	-	-
Employees	Consultation	32.0	546	17,478	(32)	546	(17,478)	-	-	-	-	-	-
	Correspondence	166.5	495	82,418	91	1,072	97,513	257.4	699	179,931	175.4	679	119,087
	Employment tribunals	-	-	-	8	532	4,277	8.0	532	4,277	3.5	396	1,401
	Pensions	2.0	495	990	8	603	4,542	9.5	580	5,532	5.0	528	2,656
Correspondence	Creditors	188.3	482	90,826	-	-	32,928	188.3	657	123,754	77.2	874	67,428
	Shareholders	12.5	900	11,245	1	3,254	2,604	13.3	1,041	13,849	13.3	1,041	13,849
	Customers	169.7	532	90,215	118	718	84,412	287.2	608	174,627	242.2	602	145,867
Distributions	Secured creditors	20.0	771	15,415	-	-	(154)	20.0	763	15,261	5.0	986	4,928
	Preferential creditors	80.0	453	36,270	-	-	2,840	80.0	489	39,110	-	-	-
	Unsecured creditors	17.0	421	7,150	-	-	1,161	17.0	489	8,311	-	-	-
Total fees estimate		**3,636.1**	**651**	**2,368,652**	**1,230.8**	**906**	**1,115,613**	**4,866.9**	**716**	**3,484,265**	**3,423.6**	**734**	**2,514,065**

Remuneration and expenses

Detailed information

Category 1 Disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 Disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.

Joint Administrators' Disbursements

Details of all disbursements are given below and from which it can be seen that we have not recovered any disbursements to date.

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate which will be sought in the upcoming creditors' decision procedure as detailed on page 16.

Mileage is calculated at the prevailing standard mileage rate of up to 45p at the time when the mileage is incurred.

Deloitte Forensics

As previously advised, we engaged the services of Deloitte Forensics, then an internal team, to assist with undertaking work in connection to data collection.

The costs of Deloitte Forensics in this regard have historically been reported as part of our time costs as they were, prior to 29 May 2021 when the UK Restructuring Practice of Deloitte LLP was sold to Teneo, then an internal service team.

Going forward, we are continuing to use these services and any costs in relation thereto will be reported as Category 2 disbursements.

Restructuring Services charge out rates (£/hour)

Grade	From 1 June 2020 £(net)
Assistant Directors	800
Managers	630
Assistant Managers	495
Assistants & Support	300

We will thus need to obtain approval from the appropriate creditor body, which in this case will be the unsecured creditors before making any further payment to Deloitte Forensics in relation to future costs. This will be done as part of the decision procedure as discussed above.

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Unpaid
Travel	750	-	-
Postage/Couriers	2,000	1,143	1,143
Specific Penalty Bond	230	230	230
IT Expense	300	157	157
Total disbursements	**3,280**	**1,529**	**1,529**

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Unpaid
Mileage	500	-	-
Total disbursements	**500**	**-**	**-**

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

Teneo®

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Teneo Restructuring Limited is registered in England & Wales with registered number 13192958 and its registered office at 5th Floor, 6 More London Place London, SE1 2DA, United Kingdom