In accordance with Rule 3.41 of the Insolvency (England & Wales) Rules 2016.

AM07

Notice of creditor's decision on administrator's proposals

Companies House

FRIDAY

A9YOCIEG

A10 19/02/2021 #366

COMPANIES HOUSE

1 Company details

Company number	0 9 6 8 9 1 9 5
Company name in full	Daisy Energy Supply Ltd t/a Yorkshire Energy

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

2 Administrator's name

Full forename(s)	Matthew
Surname	James Cowlishaw

3 Administrator's address

Building name/number	Four Brindleyplace
Street	Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	

4 Administrator's name ❶

Full forename(s)	Clare
Surname	Boardman

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

5 Administrator's address ❷

Building name/number	1 City Square
Street	Leeds
Post town	West Yorkshire
County/Region	
Postcode	L S 1 2 A L
Country	

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

AM07
Notice of creditor's decision on administrator's proposals

6 Purpose of procedure or meeting

Approval of Joint Administrators Proposals

7 Description of procedure or meeting❸

Deemed Consent

❸ Whether it was a virtual or physical meeting, some other decision procedure (please describe), or deemed consent.

8 Address of meeting

If a meeting was held at a physical location, give the address below.

Building name/number	
Street	
Post town	
County/Region	
Postcode	
Country	

9 Other platform for decision procedure or meeting[1]

Portal

[1] If a meeting was not held at (or the decision procedure was not undertaken at) a physical location, tell us what means were used—for example email, videolink

10 Meeting

If a meeting was held was the required quorum met?

☐ Yes

☐ No

11 Details of creditors' decisions

Details of decisions including any modifications to the proposals approved by the creditors are as follows:

12 Details of any resolutions passed

Give details of any resolutions which were passed.

AM07
Notice of creditor's decision on administrator's proposals

13	Date and time of decision made or resolution passed
Date	d 1 d 6 m 0 m 2 y 2 y 0 y 2 y 1
Time	h 2 h 3 : m 5 m 9

14	Sign and date
Administrator's signature	Signature X X
Signature date	d 1 d 7 m 0 m 2 y 2 y 0 y 2 y 1

AM07

Notice of creditor's decision on administrator's proposals

Presenter information

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

Contact name	Vinay Mistry
Company name	Deloitte LLP
Address	Four Brindleyplace
	Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	
DX	
Telephone	+44 121 695 5503

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 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

Deloitte.

Daisy Energy Supply Limited t/a Yorkshire Energy ("Yorkshire Energy") (in administration) ("the Company")

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act").

Daisy Energy Supply Limited t/a Yorkshire Energy
Court Case No. 870 of 2020
High Court of Justice Business and Property Courts in Leeds
Company Number: 09689195

Registered Office:
c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Matthew James Cowlishaw and Clare Boardman ("the Joint Administrators") were appointed Joint Administrators of Daisy Energy Supply Limited t/a Yorkshire Energy on 07 December 2020 by the directors of the Company. 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 Deloitte LLP ("Deloitte") 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 Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

01 February 2021

Deloitte.

Deloitte LLP
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B1 2HZ
UK
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Fax: +44 (0) 121 695 5678
www.deloitte.co.uk

Daisy Energy Supply Limited t/a Yorkshire Energy (in administration)

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administration.

It appears that the Company may have sufficient property to enable a distribution to be made to unsecured creditors. As such we are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek creditors' approval of our Proposals. In this instance, we propose to seek approval of our Proposals by deemed consent, notice of which has been posted to the website on Form ADM_F03. The proposed decision to approve our Proposals will be treated as having been made by creditors unless objected to, using the appropriate procedure as set out in the Notice, by 10% or more in value of creditors. Should that happen, the decision on approval will not be made and a further decision procedure will be held. Unless you object to our Proposals, no action is required from you. Please refer to the website for further details including forms and guidance.

Please refer to the Frequently Asked Questions section on the case website for more information about decision procedures in insolvency proceedings.

Please also note that hard copies of any of these documents will be provided free of charge on request.

We have also included the following information in this report:

- background of the Company;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administration to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administration (Appendix F).

Yours faithfully
For and on behalf of the Company

Joint Administrators

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

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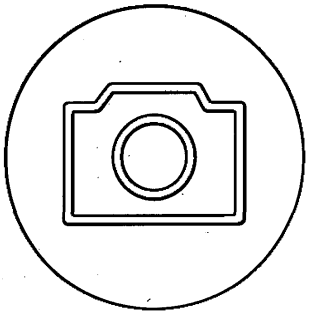
Key messages



Key messages

Joint Administrators of the Company

Matthew James Cowlishaw

Clare Boardman

Deloitte LLP

4 Brindleyplace

Birmingham

B1 2HZ

Contact details

Email: vmistry@deloitte.co.uk

Website: **www.ips-docs.com**

Tel: 0121 695 5503

Date Proposals delivered to creditors: 01 February 2021

	Commentary
Purpose of the administration	• The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.
Joint Administrators' strategy	• On 5 December 2020 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 Yorkshire Energy's customers to Scottish Power Energy Retail Limited ("Scottish Power"). • The Joint Administrators will conduct an orderly wind down of the business and realisations of assets. The strategy will be to work with Scottish Power to ensure a smooth transition of customer contracts, resolve billing disputes and undertake final billing across all customer accounts in order to collect the outstanding debt. • To fulfil this strategy the Joint Administrators will seek to retain a number of employees. Please refer to page 11 for further details.
Approval of the Proposals	• As we anticipate that sufficient funds will be available for distribution to unsecured creditors we are required to seek a decision from unsecured creditors on approval of our Proposals. We intend to take the decision by deemed consent, notice of which has been posted to the case website together with guidance on what action if any is required.
Estimated Timescale	• On current information the duration of the administration is not likely to exceed 12 months following which it is anticipated that the Company will move to creditors' voluntary liquidation as detailed on page 15.
Estimated Costs and Estimate of work required to be done	• We propose to charge our fees on a time cost basis. • We have provided a Fees Estimate showing a breakdown of our anticipated time costs and actual costs to date for the Company on page 26. • We anticipate that £2.2k category 1 disbursements from our work on the administration will be incurred and no category 2 disbursements as detailed on page 27. • We anticipate that third party costs in relation to legal fees will be in the region of £46.8k over the duration of the appointment as detailed on page 18.
Estimated Outcomes	• On current information, we anticipate the following outcome for each category of creditor: 1. Secured creditor – The secured creditor of the Company will be repaid in full. 2. Preferential creditors – Realisations from floating charge assets will be sufficient to pay preferential claims to the Company. 3. Unsecured creditors – It is likely that there will be a distribution for unsecured creditors in the Company.
Proposals	• Our Proposals for managing the business and affairs of the Company can be found on page 28.

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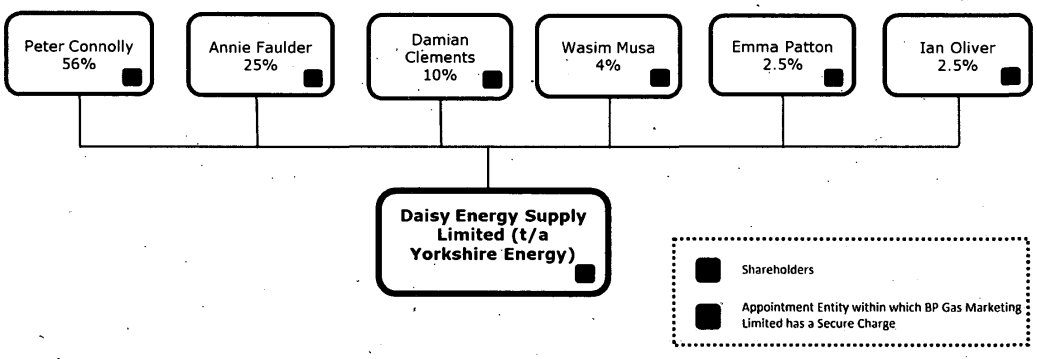
Joint Administrators' appointment 8

Background
The Company



Background

Yorkshire Energy is a retail, green, energy supply business headquarted in Leeds and prior to the appointment was licensed by Ofgem to supply gas and electricity to domestic and business customers. The Company was incorporated on 16 July 2015 and commenced trading in April 2018.

Yorkshire Energy supplied electricity to c.74,000 domestic customers of which c.55,000 customers also received gas supply (i.e. dual fuel customers) in the UK mainland market.

Yorkshire Energy's key assets include its customer debtor book, various office fixtures and fittings and the Company website domain.

Employees

As of 7 December 2020, the Company employed 22 staff based in the Leeds offices.

Group Structure Chart

In early 2017, the previous parent company Utiligroup Limited sold the energy licence and associated company, Daisy Energy Supply Limited, to Peter Connolly and Annie Faulder. Since this transaction, the Company has traded under and used the name Yorkshire Energy.

Yorkshire Energy is a private company limited by shares and is currently owned by six individual shareholders, with Peter John Connolly holding a 56% controlling stake in the Company.

As at the date of the Joint Administrators' appointment, the directors of the parent company were Damian Francis Clements, Peter John Connolly, Annie Harriet Faulder, Wasim Musa and Emma Clare Patton.

There was no company secretary as at appointment date, previous company secretary left in 2016.

Background
Summary financials

Yorkshire Energy Profit And loss Account

£'000	Draft Statutory Accounts for 12 months to 31-Mar-19	Draft Statutory Accounts for 12 months to 31-Mar-20	Management Accounts for 8 months to 07-Dec-20
Turnover	9,559	29,685	39,049
Cost of Sales	(10,541)	(30,861)	(40,939)
Gross Loss	**(982)**	**(1,175)**	**(1,890)**
Administrative Expenses	(1,210)	(2,355)	(2,956)
Other Operating Income	1	0	62
Operating Loss	**(2,191)**	**(3,530)**	**(4,784)**
Interest Receivable & Similar Income	0	1	-
Interest Receivable & Similar Expenses	(86)	(56)	(45)
Amounts Written Off Investments	(1,077)	-	-
Loss Before Taxation	**(3,354)**	**(3,585)**	**(4,829)**
Tax On Loss	564	708	-
Total Loss For the Period	**(2,790)**	**(2,878)**	**(4,829)**

Yorkshire Energy Balance Sheet

£'000	Draft Statutory Accounts for 12 months to 31-Mar-19	Draft Statutory Accounts for 12 months to 31-Mar-20	Management Accounts for 8 months to 07-Dec-20
Intangible assets	100	417	402
Tangible assets	74	95	75
Fixed assets	**174**	**512**	**477**
Debtors	2,385	7,398	-
Customer Debit Balances	-	-	1,950
Unbilled Customer Balance	-	-	3,370
Posted Cash Collateral	-	-	769
VAT Tax Asset	-	-	324
Cash At Bank And In Transit	110	53	5,860
Current Assets	**2,496**	**7,451**	**12,273**
Trade creditors	(870)	(1,481)	(4,534)
Taxation And Social Security	(13)	(18)	-
Other Creditors	(3,502)	(13,814)	-
Customer Payments on Account	-	-	(9,811)
ROCs	-	-	(4,960)
BP Wholesale	-	-	(1,443)
Director Loan	-	-	(377)
Wages	-	-	(10)
Creditors Falling Within One Year	**(4,384)**	**(15,313)**	**(21,136)**
Current Liabilities	**(4,384)**	**(15,313)**	**(21,136)**
Net Current Liabilities	**(1,889)**	**(7,862)**	**(8,863)**
Total Assets Less Current Liabilities	**(1,715)**	**(7,349)**	**(8,386)**
	-	-	-
Creditors Falling After One Year	**(1,478)**	**(1,113)**	**(1,113)**
Net Liabilities*	**(3,193)**	**(8,462)**	**(9,499)**

Note: the Draft Statutory Accounts & the Management Accounts have different asset and liability classifications

**Note: The movement in net liabilities between the 31 March 2020 draft statutory accounts and the 7 December management accounts is due to a net loss of £4.8m, adjusted for a Mark to Market movement of £1.1m and £2.7m of statutory account adjustments that are not included in the management accounts.*

Overview of financial information

Extracts from Yorkshire Energy's draft statutory accounts for the 12 months to 31 March 2019, 12 months to 31 March 2020 and extracts from the management accounts for the 8 months to 7 December 2020 are shown opposite.

Please note that this information has not been verified by the Joint Administrators or by Deloitte LLP ("Deloitte").

Profit and loss commentary

Since the business started in early 2018, costs have been incurred in order to grow its customer base year on year.

For the 8 month period to 7 December 2020, Yorkshire Energy made a gross loss of c.£1.9m, which was £0.7m higher than the £1.2m gross loss achieved in the year to 31 March 2020.

Balance sheet commentary

Intangible assets included on the balance sheet relate to the smart metering system, the energy licence for the business, and the capitalisation of software systems. The capitalisation of software systems included a combination of 3rd party implementation costs and internal time costs. The value at 7 December 2020 was £402k.

Tangible assets of £75k is principally comprised of fixtures and fittings and company IT equipment.

At 7 December 2020, Yorkshire Energy's largest asset was its customer debtor book of £5.3m, of which £2m related to billed amounts and £3.4m related to unbilled amounts. Note unbilled amounts will be allocated between customer accounts in debit and customer accounts in credit.

Cash at Bank And Transit at 7 December 2020 was £5.9m.

Background

Joint Administrators' appointment

Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

As a comparatively new energy supply business, the Company's strategy to grow the customer base required third party investment to support the working capital requirements and provide a platform for the Company to begin to trade profitably.

Whilst Yorkshire Energy had been growing its customer numbers, it did not achieve the critical mass to deliver a breakeven result.

This was primarily due to high wholesale energy procurement costs given movements in wholesale markets; increases in certain regulatory costs; limited access to working capital and funding to facilitate growth in its customer base.

The Company had been acquiring customers through setting highly competitive tariff prices in order to attract customers to sign up to the contract. However aggressive market dynamics resulted in low margins driven by the high cost of customer acquisition through price comparison websites.

In February 2020, the directors recognised there would be a £1.5m working capital shortfall in Q4 2020.

Steps taken to remedy/turnaround

The Company had explored additional funding from its key stakeholders, including the existing shareholders of the Company, its Secured Creditor BP Gas Marketing Limited ("BP"/"the Secured Creditor") and through a third party funding initiative called 'Project Flamingo' in February 2020, the details of which are as follows.

In June 2020, sector specific advisors were appointed to support the investment process and approach over 40 industry parties to assess their appetite for an acquisition, or share, of the business.

Four parties were shortlisted in August 2020 with priority being focussed on equity investment rather than a customer book sale. Subsequent diligence was undertaken by these parties ahead of the request for reconfirmation of offers at the end of September 2020.

Three offers were progressed to an advanced stage of negotiation which were primarily focused on customer book acquisition or a merger, with final diligence being undertaken by the interested parties in October 2020.

However, during this phase all remaining parties withdrew from the process. The final attempt to secure funding was via the debt funding route and through extending wholesale trading arrangements.

However, no viable alternative funding solution was able to be secured with either a third party or the secured creditor. As such, in the absence of further funding options the Company faced an immediate cash requirement.

On 26 November 2020 Ofgem were notified of the decision to proceed with the SOLR process.

On 5 December 2020, Ofgem announced that Scottish Power were the new supplier to Yorkshire Energy's gas and electricity customers and issued their decision to revoke Yorkshire Energy's gas and electricity licences.

As of 6 December 2020, customer accounts were switched over to the Scottish Power, who are continuing to supply customers without interruption and are honouring any outstanding customer credit balances.

When decision to appoint was made

The decision to appoint an administrator was made on 1 December 2020 when all options had been explored.

Involvement of Deloitte pre-appointment

There was no formal engagement by Deloitte prior to the appointment decision being made.

Post-appointment

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Joint Administrators' strategy	11
Joint Administrators' Proposals	12
Outcome for creditors	13
Extensions & exit routes	15

Post-appointment
Purpose

Appointment of the Joint Administrators

Matthew James Cowlishaw and Clare Boardman of Deloitte LLP ("Deloitte") were appointed Joint Administrators of the Company by the Directors on 7 December 2020 for Daisy Energy Supply Limited t/a Yorkshire Energy, following the filing of Notice of Appointment of Joint Administrators by the Company's Directors.

Purpose of the administration

The rescue of Yorkshire Energy was not possible given the level of unsecured debt, the SOLR process and the transfer of all customers to Scottish Power.

Accordingly, the purpose of the administration is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company.

This will be achieved by the wind down strategy, realisation of assets and collecting outstanding Yorkshire Energy customer remittances, thereby improving dividend returns to secured and unsecured creditors of the Company.

Post-appointment
Joint Administrators' strategy

How the affairs and business of the Company have been managed and financed since appointment, and the Joint Administrators' intended strategy if their Proposals are approved

Given the SOLR process and transfer of the customers to Scottish Power it was not possible to trade the business as a going concern.

We have implemented a wind down strategy in order to maximise the value of the assets which primarily consist of the customer debtors.

The Company had 10 employees at appointment of which all have been retained to assist with the final billing process.

We have liaised with key suppliers to ensure the operational wind down can operate smoothly with appropriate access to systems.

We are working closely with Scottish Power to ensure there is an agreed final billing position, backed by meter reads where possible, such that customers have as clear a transfer as possible.

Receipts and Payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 25 January 2021 is provided on page 24.

Leasehold property

The Company operated from the 3rd floor of leased premises at 46 The Calls, Leeds LS2 7EY, the leasehold has 20 months remaining on a five year lease. The Administrators are assessing the requirement to retain the premises in order to support the final billing process as critical IT infrastructure is held at the premises.

Upon exiting the property, the Administrators will assess whether there is any value in the remaining term of the lease through appointing a third party specialist agent to provide a valuation. It is the expectation that there will not be any value in the lease.

Books debts

As at the date of our appointment, Yorkshire Energy's sales ledger showed pre-appointment unbilled and billed customer debtors totalling £1m and £2m respectively

As detailed opposite the wind down strategy adopted is to finalise the billing and collect the amounts due by debtors. The final billing process is currently in progress, a further update will be provided in our next report.

Chattel assets

As at the date of appointment, Yorkshire Energy owned a quantity of tangible assets including employee laptops/ desks/chairs/office equipment, fixtures and fittings across its trading premises, the combined value of which is yet to be determined.

We plan to engage an Agent in the collection and realisation of these assets, however some of equipment is currently still in use by the Yorkshire Energy employees in relation to Administration work.

Merchant Service provider

Funds are in the process of being collected and transferred to the Administration estate from GoCardless Ltd ("GoCardless"), the Company's merchant service provider who is being retained to collect customer direct debits. Stripe Payments UK Ltd ("Stripe") will facilitate collection of direct payments being made by customers where a direct debit can not be collected.

Pre-appointment VAT Returns

At the date of our appointment, there were outstanding pre-appointment VAT returns to be submitted. The return to 30 November 2020 has been submitted, and a refund of £324k has been received. We are currently working to submit the return from 1 to 7 December 2020 to Her Majesty's Revenue and Customs ("HMRC").

Post-appointment
Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the administration include:

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses; and
- assessing the affairs of the Company and reviewing and reporting on the conduct of the directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management; and
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution; and
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application; and
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration; and that, if the Company is to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the unsecured creditors to fix the basis of, and the ability to draw, our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administration.

Please refer to page 17 for further details.

Post-appointment
Outcome for creditors

Estimated outcome for creditors

Secured creditor - BP

BP has a fixed and floating charge debenture over Yorkshire Energy, which was granted on 12 October 2017. The SoA of affairs states that the Secured Creditor is owed £1.4m.

It has been intimated to the administrators that there might be additional claims captured by the security..

BP in its capacity as the Secured Creditor claims £3.5m, this figure differs to the Statement of Affairs amount due to a claim for lost profits by BP as Yorkshire Energy has entered into administration. The Administrators' legal advisors are undertaking a security review to assess the validity and quantum of the Secured Creditor's claim. The final position is in the process of being agreed.

Based on currently available information, we expect there will be sufficient asset realisations to repay the Secured Creditor in full from the floating charge assets in Yorkshire Energy.

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay and pension contributions.

We estimate that there will be circa 22 preferential claims totalling c.£9.9k.

On present information we anticipate that sufficient funds will become available to enable these claims to be paid in full.

Unsecured creditors

The Directors' statement of affairs shows 76 unsecured creditors with estimated non-preferential claims totalling £9m, excluding customer credit balances.

As detailed above, it is likely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors (over and above the value of the distribution that would have been paid under the Prescribed Part). Currently the quantum and timing of the dividend is unknown but updates will be provided in future reports.

Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600-800k per company depending on when the charge was registered.

Where the value of the Prescribed Part is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it.

As it is anticipated the Secured Creditor will be paid in full the Prescribed Part provisions will not apply to this case.

Post-appointment

Outcome for creditors

Claims process

We anticipate that a dividend will be available for unsecured creditors.

We invite creditors to claim, following the guidance in the paragraphs below.

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 claim 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.

Post-appointment

Extensions & exit routes

Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from the administration. Based on current information, we consider the following exit routes may be appropriate:

- *Dissolution* – If there is no further property which might permit a distribution to the Company's creditors, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later.
- *Compulsory Liquidation ("WUC")* – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Company.
- *Creditors' Voluntary Liquidation ("CVL")* - Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Company will be wound up.

Please note that if the Company is placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are approved by creditors i.e. by 16 February 2021.

- Any creditors' committee appointed in the administration will become a liquidation committee and the basis of the Joint Administrators' remuneration fixed during the administration will apply in the liquidation.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Discharge of Joint Administrators' liability

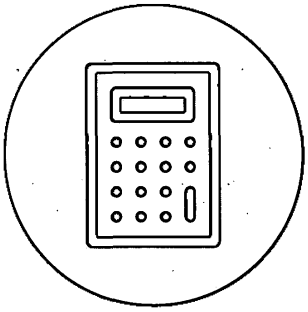
Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report. This approval will be sought via a vote on the case website at www.ips-docs.com. It is anticipated that we will initiate a decision procedure of creditors once our Proposals have been approved. Please see page 28 for more details as regards the timings of the decision procedure.

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration 17

Pre-administration costs 19



Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.

Basis of Administrators' remuneration

Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

We intend to invite the creditors, or the creditors' committee should one be formed, to formally approve that the basis of our remuneration be fixed by reference to our time costs incurred in attending to matters arising in the administration with which we have to deal. In advance of seeking that approval we have set out in more detail what our anticipated time costs will be in our Fee Estimates on page 26.

We will seek this approval through a further decision procedure once the outcome of the decision on approval of our proposals are known.

This further decision procedure will be held by correspondence. We will give formal Notice of this together with the resolutions being requested in respect of our remuneration and expenses, voting forms and general guidance via the website at www.ips-docs.com and which we anticipate doing within 1-2 weeks of the Proposals being approved. We will also provide hard copies of any of these documents to you on request to vmistry@deloitte.co.uk.

Please note that in the event that a creditors' committee is formed, the resolutions tabled in this decision procedure will be determined by that committee.

Fees Estimate

A Fees Estimate is provided at Appendix D in which we have tried to provide you with as accurate an estimate as we can of our likely time costs for the duration of the appointment. We have based this estimate on experience in other similar matters and the cost of work done to date and estimate that our time costs will be circa £750k in Yorkshire Energy.

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

Joint Administrators' Expenses

We anticipate that we will incur the following disbursements during the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment; proposed distributions to preferential and unsecured creditors. We estimate the advertising costs in this regard will be £113.

Legal Fees

We have instructed Eversheds Sutherland LLP ("Eversheds"), a firm of lawyers with the appropriate expertise and experience in dealing with this type of administration, to advise on the following legal matters and to prepare required legal documentation in relation to the Company as follows:

- Validity of Appointment review in respect of our appointment as Administrators to the Company, they estimate their fee for so doing will be £1.5k plus VAT.
- Draft and negotiate a data transfer agreement with Scottish Power (as SOLR) in relation to the transfer of direct debit information. they estimate their fee for so doing will be £3.4k plus VAT.
- Validity of security advice in respect of the Debenture dated 12 October 2017 held by BP over the Company, including an assessment of whether or not BP may recover any termination fees by way of its secured interest, they estimate their fee for so doing will be £3.5k plus VAT.
- Drafting sale and purchase agreement for the sale of book debts, negotiating, agreeing and completing the agreement with the purchaser, this will be £30k plus VAT.
- Drafting a form of non-disclosure agreement to be entered into with prospective debt collection agencies, they estimate their fee for so doing will be £3.4k plus VAT.
- Adhoc queries on and general advice across the administration(if required), they estimate their fee for so doing will be £5k plus VAT.

To date they have incurred costs totalling £3.7k (plus VAT and disbursements), a split is shown below and they have estimated that their further fees will be in the region of £43k (plus VAT) in total.

Eversheds Sutherland LLP

£	Estimated Costs	Incurred To Date
Yorkshire Energy	47,000	3,733
Total Paid	**47,000**	**3,733**

All professional costs are reviewed by us and analysed in detail before payment is approved or made.

Remuneration and expenses

Pre-administration costs

Statement of pre-administration costs

In the following paragraphs we have provided an explanation of the work carried out by us and by another firm of lawyers with appropriate expertise in dealing with this type of administration, Womble Bond Dickinson (UK) LLP ("WBD") 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 Company.

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 Supplier of Last Resort process.

- Considering the impact of an administration appointment, including funding requirement to manage a wind down/sale;
- Preparing strategies in relation to employees and customers;
- Considering post-appointment options in relation to dealing with customer book in a SOLR;
- Dealing with press and PR queries immediately prior to the administration;
- Liaising with lawyers in relation to preparation and signing of appointment documents;
- Collating company data, financial information and stakeholder records in preparation for the administration appointments;
- Analysis and advice from a tax perspective on immediate tax actions required by the administrators on appointment;
- Liaison with the Secured Creditor.

In relation to this work, our time cost is £37.2k plus VAT which remains unpaid.

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

During planning for the administration, we were provided with legal assistance by WBD, who were instructed by us to undertake the following work as detailed below:

- Preparation of documents for the Court hearing on 4 December 2020 in relation to confirmation of Yorkshire Energy's solvency status required under the SOLR process;
- Attendance at the Court hearing;
- Liaison with Ofgem;
- Work relating to the revocation of Yorkshire Energy's energy licence.
- Drafting and reviewing proposed agreement to be entered into with the SOLR.
- General advice and assistance relating to the appointment as administrators;

In relation to this work, WBD time costs are £41.2k plus VAT.

Payment has not yet been made to WBD regarding their time costs.

In respect of this work the unpaid legal fees as shown in the table below.

Womble Bond Dickinson

£	Incurred to Date
Yorkshire Energy	41,218
Total	**41,218**

Approval of unpaid pre-administration costs

As set out above, we have unpaid pre administration costs and expenses. The payment of these unpaid costs as an expense of the administration is subject to approval under Rule 3.52. At the time of seeking approval for our post appointment remuneration we will also invite the creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.

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Additional information

Case specific matters and Investigations

EU Regulations

As stated in the administrations appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Company's premises at the date of our appointment please contact us as soon as possible.

Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Energy and Industrial Strategy. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.

Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to the case websites which have been set up specifically for the Company. The web address is www.ips-docs.com.

All documents will be retained on each website which will remain live until two months after the conclusion of the proceedings. Please contact Vinay Mistry using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website:

- **Phone** - +44 121 695 5503
- **Email** - vmistry@deloitte.co.uk
- **Postal address** – Four Brindleyplace, Birmingham, B1 2HZ

Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the websites. It is thus important that you review the website for each case regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.

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Appendix A

Directors' summary Statement of Affairs

£	Book value	Estimated to realise
Intangible assets	402,178	5,000
Tangible assets	75,288	5,000
Estimated surplus to fixed charge holders	**477,466**	**10,000**
Assets subject to floating charge		
Customer DR balances	1,950,070	1,560,056
Unbilled on customer CR balances	2,328,919	1,863,135
Unbilled on customer DR balances	1,041,343	833,075
Cash at Bank	4,019,931	4,019,931
Cash in transit - GoCardless	1,840,000	1,840,000
Cash in transit - VAT	324,196	324,196
Deposits with industry Networks	705,190	-
Overpayment on account to BFY Group	63,563	63,563
Estimated total assets available for preferential creditors	**12,750,678**	**10,513,956**
Preferential creditors		(9,877)
Estimated surplus to preferential creditors		**10,504,079**
Estimated prescribed part of net property		(600,000)
Estimated total assets available for floating charge holders		**9,904,079**
Debt secured by floating charges		(1,443,187)
Estimated surplus after floating charges		**8,460,893**
Estimated prescribed part of net property (brought down)		600,000
Total assets available to unsecured creditors		**9,060,893**
Unsecured non-preferential claims		(9,068,154)
Estimated deficiency to creditors		**(7,262)**
Called up share capital		(4)
Estimated deficiency to members		**(7,266)**

Joint Administrators' comments

The Directors' statement of affairs is available online www.ips-docs.com, including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2016, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown. In accordance with the standard format of the statement of affairs, no provision has been made for the costs of the administration (including agents', legal and other professionals' fees).

Daisy Energy Supply Ltd
Joint Administrators' receipts and payments account
07 December 2020 to 25 January 2021

£	SoA values	Notes	To date
Receipts			
Book Debts	*1,560,056*		17,557
Intangible Assets	*5,000*		-
Tangible Assets	*5,000*		-
VAT Refund	*324,196*		324,196
Cash at Bank	*4,019,931*		4,056,685
CNG Customer Payment Money		E	360
Unbilled Customer Balance	*2,696,209*		-
GoCardless - Merchant	*1,840,000*	C	-
BFY Refund	*63,563*	D	-
Total receipts	*10,513,955*		**4,398,799**
Payments			
Salaries			75,005
Cleaning			561
IT Costs			224,975
Statutory Advertising			95
Rents Payable			7,645
Total payments			**308,281**
Balance			**4,090,518**
Made up of:			
VAT Receivable		B	46,655
Interest Bearing Bank Account		A	4,069,839
Trade Creditors		F	(25,976)
Balance in hand			**4,090,518**

Notes to the receipts and payments account

A receipts and payments account is provided opposite detailing the transactions since our appointment on 7 December 2020.

Notes to receipts and payments account

A - Bank interest

All funds were 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 recoverable and will be accounted for to HM Revenue & Customs in due course.

C – GoCardless - Merchant

Funds received via the merchant service provider GoCardless Ltd in relation to direct debits collected from customers to be allocated to customer accounts. Cash in transit currently being held by GoCardless, is in the process of being released to the Administration estate.

D – Other Debtors

The Administrators are assessing the contractual position of the pre-appointment engagement between creditors and the Company to assess whether any amounts can be recovered.

E – CNG Customer Payment Money

The sum showing was received from Contract Natural Gas ("CNG") and is to be returned to individually identified Yorkshire Energy customers.

F - Trade creditors

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.

Rounding note

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

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Fees Estimate

For purposes of the Fees Estimate, the average rate per hour shown for each work activity is based on a blended rate calculated as a factor of the estimated time that each grade of staff will spend on that activity and their specific charge - out rate .

Time Costs to date

These are shown as the average rate per hour for each activity based on the actual time spent by each grade of staff at their specific charge - out rate.

Joint Administrators' Fees Estimate

Our Fees Estimate detailing the work that we anticipate will need to be undertaken on this case for the duration of the appointment together with estimates of the likely cost and amount of time that each part of that work will take to complete, are provided on the following pages.

The work anticipated to be undertaken has been categorised by activity which we hope is self explanatory. Please also refer to our Post Appointment Strategy on pages 10-12 where we have talked in more detail about specific tasks on these case.

We have also separately identified and grouped those work activities that are primarily administrative in nature (including tasks required for statutory, regulatory or compliance purposes) from activities which can be seen to directly add value to the case, such as asset realisation or dealing with claims.

Time costs incurred to date

As indicated at page 17, we intend to invite creditors to fix our fees in relation to work carried out in the administration on a time costs basis. An analysis showing our time costs for this work to 25 January 2021 and the average hourly charge for each category of work undertaken to 25 January 2021 is also provided in the Fees Estimate on page 26.

Please note that all partners and technical staff (including cashiers) assigned to the case's record their time spent working on the case's on a computerised time recording system. Time spent by secretarial staff working on the assignments are not recorded or recovered. The appropriate staff will be assigned to work on each aspect of the case based upon their seniority and experience, and having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claim agreed.

Time is charged in six minute increments.

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Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs since Appointment		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	48.0	630	30,240	24.6	262	6,439
	Case supervision	62.2	811	50,468	39.1	756	29,569
	Case reviews	8.4	512	4,302	-	-	-
	Case closure matters	16.5	491	8,095	-	-	-
Statutory & compliance	Compliance & IPS diary	9.6	585	5,616	3.5	564	1,974
	Insurance	7.0	495	3,465	1.5	630	945
	General reporting	87.0	462	40,190	23.5	430	10,098
	Regulatory & other legislation	2.4	585	1,404	0.5	630	315
Initial actions	Appointment matters	8.0	1,025	8,200	6.0	781	4,685
	Securing assets	10.5	495	5,198	5.0	1,025	5,125
	Notifications	54.5	580	31,625	46.5	469	21,790
Investigations	CDDA reporting	14.0	447	6,255	1.0	370	370
	Investigations	12.5	773	9,665	5.0	630	3,150
Total of above categories		**340.6**	**601**	**204,723**	**156.2**		**84,459**
Taxation	Tax	13.0	1,032	13,415	2.5	788	1,970
	VAT	18.5	863	15,970	2.5	980	2,450
Asset realisations	Third party assets	3.0	743	2,230	1.0	630	630
	Book debts	282.2	628	177,259	101.0	1,008	101,838
	Chattel assets	14.1	630	8,883	-	-	-
	Other assets	8.0	1,064	8,515	4.6	898	4,132
	Property	21.0	875	18,380	12.0	804	9,650
Trading	Day 1 control of trading	20.6	751	15,434	19.4	793	15,392
	Ongoing trading	190.5	941	179,303	157.7	747	117,808
	Monitoring trading	15.0	1,070	16,050	7.5	1,025	7,688
	Closure of trade	9.0	630	5,670	0.4	800	320
Employees	Consultation	9.0	630	5,670	-	-	-
	Correspondence	26.6	865	23,005	30.7	504	15,477
	Pensions	4.5	1,006	4,528	2.9	495	1,436
Correspondence	Creditors	21.4	456	9,768	13.5	370	4,995
	Shareholders	0.1	495	50	-	-	-
	Customers	52.0	380	19,760	-	-	-
	Press & media queries	1.0	800	800	-	-	-
Distributions	Secured creditors	2.8	823	2,304	-	-	-
	Preferential creditors	19.6	450	8,817	-	-	-
	Unsecured creditors	27.0	356	9,606	-	-	-
Total fees estimate		**1,099.5**	**682**	**750,137**	**511.9**	**719**	**368,243**

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Disbursements

Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We estimate that the following disbursements are likely to be incurred in relation to the administration.

Category 1 disbursements

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

£ (net)	Estimated per Proposals	Incurred in report period
Postage/Couriers	2,000	-
Specific Penalty Bond	230	-
Total disbursements	**2,230**	**-**

Category 2 disbursements

These are costs and expenses 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. Specific approval is required before these costs and expenses can to be drawn from the administration estate.

We do not anticipate any category 2 disbursements.

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Joint Administrators' Proposals

We are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek a decision from creditors on the following matters:

1. Approval of our Proposals;
2. Whether a creditors' committee should be established.

Deemed Consent – Approval of the Joint Administrators' Proposals

We intend to seek approval of our Proposals using the deemed consent procedure. This means that unless you wish to object to our Proposals you do not need to take any action. If you do wish to object, you must notify us of your objection before 23.59 hours on 16 February 2021. For further details, please refer to the Notice of Decision to be held by Deemed Consent which has been uploaded to the case website at www.ips-docs.com for viewing and download.

Creditors' Decision Procedures – to be held by correspondence – fixing the basis of our remuneration and other matters

As indicated on page 17 we will also be inviting creditors to decide on other matters, including to fix the way in which our fees will be paid, and as set out below:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration plus VAT.
2. Approval that the Joint Administrators' category 1 disbursements and expenses as detailed on page 27 be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
3. Approval that the Joint Administrators' pre administration fees and expenses, including legal fees, of £41.2k for WBD respectively as detailed on page 19 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses plus VAT, from the administration estate.
4. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Company.

We are required to take these decisions using a creditors' decision procedure, that is, a procedure which enables creditors to vote for or against the matters under consideration. We propose to do this by correspondence further details of which will be uploaded to the website within 1-2 weeks of our proposals being approved as on page 17.

As we will be asking creditors to fix the basis on which our fees and expenses are to be paid, a Fees Estimate together with details of the expenses that have been or are likely to be incurred have been included within our Proposals for your information. A copy of "A Creditors' Guide to Administrator's Fees" has also been placed on the website together with Frequently Asked Questions about decision procedures in insolvency proceedings.

Please note that in the event that a creditors' committee is formed, specific approval for resolutions 1,2,3 and 4 above will be requested from the creditors' committee.

Appendices

Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their Proposals for achieving the purpose of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

The Joint Administrators act as agents of the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

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