

AM10

Notice of administrator's progress report



Companies House

SATURDAY



AA7Z7FSA

A20

03/07/2021

#38

COMPANIES HOUSE

1 Company details

Company number 0 9 6 8 9 1 9 5

Company name in full Daisy Energy Supply Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Matt

Surname Cowlshaw

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 ①

Full forename(s) Clare

Surname Boardman

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 7 Park Row

Street Leeds

Post town LS1 5HD

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10
Notice of administrator's progress report


6 Period of progress report

From date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>7</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	
To date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>6</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>6</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	

7 Progress report

<input checked="" type="checkbox"/> I attach a copy of the progress report	
--	--

8 Sign and date

Administrator's signature	<div>Signature</div> <div><div>X</div><div></div><div>X</div></div>								
Signature date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>2</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>6</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	

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 Vinay Mistry

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



The Global CEO Advisory Firm

Court Case No. 870 of 2020
High Court of Justice Business and
Property Courts in Leeds
Company Number: 09689195

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

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






Progress report to creditors for the period 7 December 2020 to 6 June 2021 pursuant to rules 18.2 to 18.6
inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

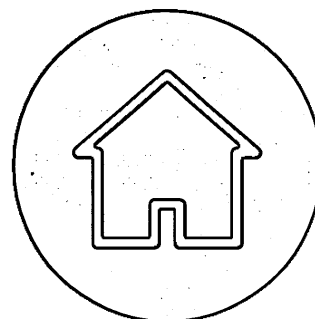
01 July 2021

Matthew James Cowlishaw and Clare Boardman ("the Joint Administrators") were appointed Joint Administrators of Daisy Energy Supply Limited t/a Yorkshire Energy on 7 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 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.

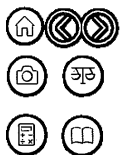
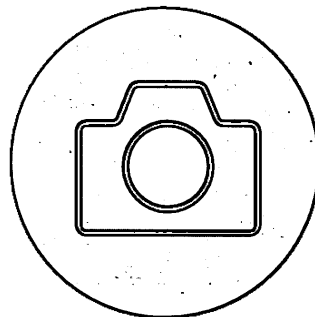
Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

	Contents	1
	Key messages	2
	Progress of the administration	5
	Information for creditors	12
	Remuneration and expenses	15





Key messages



Key messages

Joint Administrators of the Company

Matthew James Cowlshaw

Clare Boardman

Teneo
156 Great Charles Street
Queensway
Birmingham
B3 3HN

Contact details

Email: vinay.mistry@teneo.com

Website: www.ips-docs.com

Tel: 0121 619 0149



Commentary	
Purpose of administration	<ul style="list-style-type: none">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 Administrator	<ul style="list-style-type: none">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 were transferred to Teneo Restructuring Limited ("Teneo"), with their 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	<ul style="list-style-type: none">The Joint Administrators' strategy is to conduct an orderly wind down of the business following the appointment of Scottish Power as the Supplier of Last Resort ("SOLR") by the energy regulator Office of Gas and Electric Markets ("OFGEM"). This has been successfully implemented and almost 100% of live customers' final bills have been transferred to Scottish Power.An appropriate number of employees were retained until 30 April 2021 to complete the final billing exercise and resolve any billing disputes with customers. A third party billing provider has also been engaged to support this process.Cash at bank of £4.1m has been realised.Book debts of £1.9m have been recovered. A further £1.1m of customer debit balances have been passed to a debt collection agency.A pre-administration VAT refund of £324k has been received.Sales of the Company's chattel assets and intangible assets have been negotiated.
Costs	<ul style="list-style-type: none">Our time costs for the period of the report are £1.0m. Please see pages 16-17 for further details.We have incurred disbursements of £24k in the report period. Please see page 18 for further details.Third party costs and expenses relating to legal, IT, billing, professional and other ad hoc work amounted to £615k. Please see page 9 for further details.
Outstanding matters	<ul style="list-style-type: none">Completion of the realisation of book debts.Completion of the sale of chattels and intangible assets.Finalising taxation and VAT matters and statutory closing procedures.Finalising distributions to the Secured Creditor and preferential creditors and possibly to the unsecured creditors via the prescribed part.If sufficient funds exist move to creditors voluntary liquidation to enable payment of a distribution to unsecured creditors of the Company.Statutory closing procedures.

Key messages (continued)

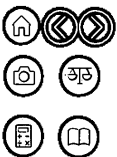
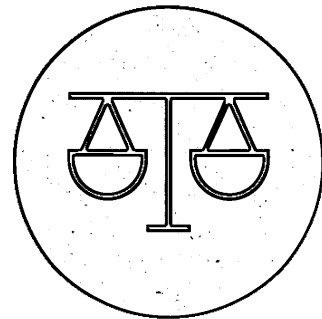
Commentary	
Dividend prospects	<ul style="list-style-type: none"> We are in discussions with the Company's secured creditor, BP Gas Marketing Limited ("BP") regarding their final claim. To date they have received distributions of £1.5m. We expect BP to be repaid in full. There will be sufficient floating charge realisations to enable payment in full of preferential claims. There will be sufficient floating charge realisations to enable payment in full of HMRC's secondary preferential claims. It is likely that there will be a distribution for unsecured creditors via the Prescribed Part or as a general unsecured distribution depending upon the final level of assets realised. The rate of this dividend is not yet known.
Extension to administration period	<ul style="list-style-type: none"> We do not anticipate that it will be necessary to extend the period of the administration which is due to end on or before 7 December 2021. We expect the Administration to exit into creditors' voluntary liquidation ("CVL") to allow for an unsecured distribution to be made.





Progress of the administration

Summary	6
Receipts and payments	10
Pre-administration costs	11



Progress of the administration Summary

Work done during the report period

Introduction

Scottish Power was appointed as the SOLR by OFGEM on 5 December 2020 and the Joint Administrators were appointed on 7 December 2020. We have worked with Scottish Power to ensure a smooth transfer of 75,000 customer accounts whilst preserving the maximum possible value of the debtors' ledger. We have liaised with key suppliers to maintain essential services whilst the Company's operations were wound down and also to minimise any disruption to customers.

Employee retention

Shortly after our appointment 10 employees were identified as critical to the operational wind down and all other employees were made redundant. The Joint Administrators agreed retention terms with those employees to ensure that they continued to assist in the Company's wind down. By 30 April 2021 nine employees had been made redundant as all customer billing data had been moved to Scottish Power to deal with final credit balances. Barratt Smith Brown Ltd ("BSB"), a debt collection agency, has been instructed to deal with final debit balances.

One employee remains to assist with finalising the wind down of the operations.

Customer Accounts – Book debts

The Company's main assets are balances owed by customers for supplies of energy. These comprised billed and unbilled debit balances at the date of our appointment with a total book value of £3m. The directors Statement of Affairs estimated realisations at £2.4m, split £1.6m from billed balances and £0.8m from unbilled debit balances.

We have spent a considerable amount of time working with the retained employees and Scottish Power to finalise the customer billing. In the period we have collected a total of £1.9m via merchant service providers and direct from customers as follows:

- £1.4m from GoCardless
- £471k from Stripe
- £56k direct from customers

We are continuing to collect outstanding balances and a small proportion of customers are continuing to pay their final bill through a payment plan via GoCardless.

Customer Accounts – Book debts (continued)

After making initial attempts to collect the balance of the historic customer debt which comprised £1.1m of the £3m book value we engaged BSB to collect these outstanding balances. No funds have been realised in the period and we anticipate a minimal level of recovery from these balances.

Merchant Service Providers

GoCardless, the Company's Merchant Service Provider ("MSP") has been retained to collect certain amounts due via active direct debits. Throughout the period funds have been collected and transferred to the administration as referred to opposite.

Stripe has facilitated collection of direct payments being made by customers where a direct debit can not be collected.

The Company's statement of affairs also shows a balance of £1.8m for funds held by GoCardless in relation to direct debits received from customers. £1.5m has been received by the administration estate to date. The balance of £0.3m has been retained by GoCardless to protect against any customer chargebacks. The net balance will be released six months after our final transaction which is anticipated to be in March 2022 and likely to be in the subsequent CVL of the Company.

Customers' credit balances

The statement of affairs shows unbilled customer credit balances with an estimated to realise value of £1.9m. These balances are not realisable assets of the Company.



Progress of the administration Summary

Work done during the report period (continued)

Cash at bank

We have realised £4.0m cash at bank in line with the statement of affairs.

Chattel assets

As at the date of appointment, Yorkshire Energy owned a small quantity of tangible assets including IT infrastructure such as employee laptops as well as desks, chairs, other office equipment, fixtures and fittings across its trading premises. These are included in the Statement of Affairs with an estimated to realise value of £5k.

We engaged an agent to value the equipment. It has a limited value and we have negotiated a sale for a total of £5k. We are currently in the process of collecting in all equipment and expect to complete the sale in the next reporting period.

Intangible Assets

The Company's statement of affairs includes intangible assets with an estimated to realise value of £5k. This is in relation to the energy licence, smart metering system and capitalisation of software systems. The Joint Administrators have not realised any of these assets and the software systems have been required for the completion of customer billing during the wind down. We do expect to be able to sell the software system and are negotiating with an interested party. No sale has been completed yet.

Pre appointment VAT return

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 complete the Company's outstanding VAT affairs and to submit the return from 1 to 7 December 2020 to Her Majesty's Revenue and Customs ("HMRC").

Post appointment VAT return

We have spent a considerable amount of time dealing with the Company's VAT returns. The treatment of the VAT on customers' accounts and on the costs of Merchant Service Providers has not been straightforward and has required input from our VAT team who specialise in these matters.

Third Party support

In the period we retained the Company's third party billing provider ENSEK Limited ("ENSEK") who worked with Yorkshire Energy previously to provide their billing platform and CRM system. On 4 May 2021 we notified ENSEK we no longer need their services. Costs are covered on page 9.

Leasehold property

The Company operated from the third floor of leased premises at 46 The Calls, Leeds LS2 7EY. The leasehold interest has 20 months remaining on a five year lease. As of 4 April 2021 the property was exited by the Joint Administrators and notification was given to the landlord.



Progress of the administration Summary

Work done during the report period

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 Companies.

To date no further avenues of recovery have been identified.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on page 3.

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 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 appointments;
 - 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 HMRC in respect of VAT and Corporation Tax matters, please see page 7.
- These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.



Progress of the administration Summary

Work done during the report period

Third party costs paid during the report period

The following third party expenses have been paid in the period:

ENSEK Ltd ("ENSEK") have billed £476k excluding VAT for the provision of a billing platform that helped to calculate customers' final bills. A further £22k excluding VAT was paid as a ransom payment relating to pre-administration billing work done.

Gocardless continue to provide a customer payment platform and have so far billed £26k excluding VAT in respect of this service.

Vapour Media Ltd provided cloud technology access and have billed £6k excluding VAT for this service.

Mansys (UK) Ltd billed £15k excluding VAT and provided technical IT support services relating to security, server access, Microsoft Office, Cloud Software licensing and other ad hoc IT queries.

Parallax Agency Ltd provided digital application management and hosting services and billed £48k excluding VAT for this service.

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 Joint Administrators of the Company, they estimated 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 estimated their fee for so doing will be £3.4k plus VAT.

Legal Fees (continued)

- Validity of security advice in respect of the Debenture dated 12 October 2017 held by BP over the Company, they estimated their fee for so doing will be £3.5k plus VAT.
- If required, drafting sale and purchase agreement for the sale of book debts, negotiating, agreeing and completing the agreement with the purchaser, they estimated their fee for so doing will be £30k plus VAT.
- Drafting a form of non-disclosure agreement to be entered into with prospective debt collection agencies, they estimated their fee for so doing will be £3.4k plus VAT.
- Adhoc queries on and general advice across the administration (if required), they estimated their fee for so doing will be £5k plus VAT.

To date they have incurred costs totalling £27k (plus VAT and disbursements). The work regarding the sale of books debts was not needed and accordingly costs to date are less than forecast. However, legal advice is being taken on various matters still ongoing in the administration and the original overall estimate may still be reached.

Eversheds Sutherland LLP

£	Estimated Costs	Incurred To Date
Yorkshire Energy	47,000	26,768
Total	47,000	26,768

All professional costs are reviewed and analysed in detail before payment is approved.



Progress of the administration

Receipts and payments

Daisy Energy Supply Ltd Joint Administrators' receipts and payments account 07 December 2020 to 06 June 2021

£	SoA values	Notes	To date
Receipts			
Fixed Charge Receipts			
Intangible Assets	5,000	B	-
Floating Charge Receipts			
Book Debts	1,560,056	A	1,896,968
Unbilled Customer Debtor Balance	833,075	A	-
Tangible Assets	5,000	B	-
Pre Appointment VAT Refund	324,196	C	324,196
Cash at Bank	4,019,931	D	4,088,127
GoCardless - Merchant	1,840,000	E	974,704
Unbilled Customer Credit Balance	1,863,135	F	-
BFY Refund	63,563	G	-
Bank Interest Gross	-	H	171
Total receipts	10,513,956		7,284,167
Payments			
Floating Charge Payments			
Salaries			312,339
Cleaning			561
IT Costs			546,667
Pre Appointment Ransom Payment			22,258
Office Supplies Provider			41
MSP Costs			26,389
Pre Appointment Legal Fees			34,357
Service Charge			9,997
Storage Costs			93
Postage & Redirection			1,038
Statutory Advertising			95
Rents Payable			34,852
Bank Charges			59
Distribution to Floating Charge Holder			1,500,000
Total payments			2,488,745
Balance			4,795,422
Made up of:			
VAT Receivable		I	59,840
Floating Charge Interest Bearing Bank Account		H	4,735,581
Balance in hand			4,795,422

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 – Book Debts

Book debts of £1,896,968 includes realisations from book debts and unbilled customer debtor balances. Please see page 6.

B – Tangible and intangible assets

A sale of these assets is being negotiated. Please see page 7.

C – Pre Appointment VAT Refund

This relates to a pre-appointment period. Please see page 7.

D – Cash at bank

Please see page 7.

E – GoCardless - Merchant

Funds held by the merchant service provider, GoCardless, in relation to direct debits collected from customers. Please see page 6.

F – Unbilled customer credit balances

Please see page 6.

G – BFY Refund

The Joint Administrators are assessing the contractual position of the pre-appointment engagement between a creditor BFY Group Ltd ("BFY") and the Company to assess whether any amounts can be recovered.

H – 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

I – 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.

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

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 SOLR 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 BP.

In relation to this work, our time costs are £37.2k plus VAT which remain 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 £34.4k plus VAT payment has been made in full to WBD.

In respect of this work the paid legal fees are shown in the receipts and payments account on page 10.

Approval of unpaid pre-administration costs

The payment of these costs as an expense of the administration is subject to approval under Rule 3.52. At the time of seeking approval for our remuneration we also invited the creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment. Approval for the payment of these costs was given by the creditors on 28 April 2021.

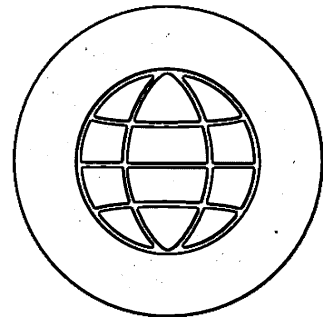




Information for creditors

Outcome

13



Information for creditors

Outcome

Outcome for creditors

Secured creditors

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

BP has submitted a claim for £3.5m. The difference to the statement of affairs figure arises from the various contractual claims arising on termination. The Joint Administrators' legal advisors have undertaken a security review to assess the validity of BP's claim and concluded that BP have valid security. The amount of the final claim is in the process of being agreed.

Based on currently expectations we anticipate that there will be sufficient asset realisations to repay BP in full.

Preferential creditors

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

In our proposals we estimated that there would be 22 preferential claims totalling c.£9.9k. We have received claims totalling £15.1k to date.

On present information we anticipate that sufficient funds will become available to enable the preferential claims to 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. As there were no unpaid deductions falling within these categories we do not anticipate that HMRC will have a secondary preferential claim. However, HMRC's position in respect of pre and post administration VAT matters is still being finalised and we cannot state whether they will have a preferential claim in the administration.

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.

It is anticipated that BP will be paid in full and unsecured creditors may therefore receive a dividend over and above the value of the distribution that would have been paid under the Prescribed Part. However this outcome is dependent upon several factors which have not yet been finalised and may change.

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 possible 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.



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 books and records, 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.

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 7 December 2021.

Exit

We consider that a move to CVL to enable the dividends other than the prescribed part distribution to be paid to be the most appropriate exit route from the administration. This is subject to the final outcome of the administration.

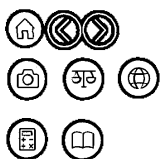
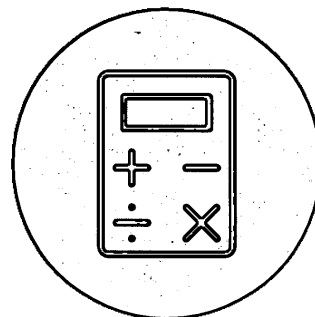




Remuneration and expenses

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 was fixed by a decision of the unsecured creditors on 28 April 2021 by reference to time properly given by the Joint Administrators and their staff plus VAT thereon.

Fees drawn to date

No fees have been drawn in the period.

Time costs - analysis of actual against budget

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 these are also summarised here:

Time costs have exceeded budget -

Our actual time costs are higher than we anticipated, and for the reasons set out below:

- Higher costs than expected were incurred while recovering book debts due to the complex nature of final billing to former customers.
- Ongoing trading matters such as cashflow monitoring, employee payroll, general management of operations as well as significant correspondence with suppliers.
- Lengthy and complex ongoing winding down matters such as employee payroll, liaison with retained employees as well as correspondence with suppliers.
- Additional cashiering tasks have been carried out with relation to purchase ledger, bank reconciliation activity.
- Higher volume than anticipated of customer queries regarding final billings and disputes.

- Costs in relation to forensic analysis and investigation of operations of the business.
- Review of secured creditor claim.
- Additional work exploring appetite of interested parties for software related assets.
- Extra support has been provided to employees made redundant. This work has to be carried out by specialists from our Employment Rights Act Team.
- Dealing with the Company's VAT affairs in respect of both pre and post appointment periods.

In accordance with Rule 18.30 we are required to seek further approval to draw a greater fee than the amount provided in our Fees Estimate. We will seek approval from creditors in due course if we wish to increase the level of our remuneration.

The request for approval must be made—

(a) where the creditors' committee fixed the basis, to the committee;

(b) where the creditors fixed the basis, to the creditors;

(c) where the court fixed the basis, by application to the court.

In this case, the basis of our remuneration was fixed by creditors to whom a request for permission to draw a further fee may be made.



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		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	172.7	245	42,245
	Case supervision	62.2	811	50,468	81.9	674	55,227
	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	11.8	474	5,593
	Insurance	7.0	495	3,465	3.9	844	3,293
	General reporting	87.0	462	40,190	161.5	485	78,278
	Regulatory & other legislation	2.4	585	1,404	2.8	586	1,640
Initial actions	Appointment matters	8.0	1,025	8,200	19.7	595	11,719
	Securing assets	10.5	495	5,198	7.1	876	6,217
	Notifications	54.5	580	31,625	88.9	559	49,663
Investigations	CDDA reporting	14.0	447	6,255	34.5	379	13,068
	Investigations	12.5	773	9,665	80.5	534	42,958
Total of above categories		340.6	601	204,723	665.3		309,900
Taxation	Tax	13.0	1,032	13,415	52.5	525	27,531
	VAT	18.5	863	15,970	55.4	672	37,257
Asset realisations	Third party assets	3.0	743	2,230	2.4	887	2,128
	Book debts	282.2	628	177,259	269.2	708	190,656
	Chattel assets	14.1	630	8,883	-	-	-
	Other assets	8.0	1,064	8,515	31.8	757	24,078
	Property	21.0	875	18,380	10.5	773	8,113
Trading	Day 1 control of trading	20.6	751	15,434	22.0	714	15,698
	Ongoing trading	190.5	941	179,303	266.7	690	184,020
	Monitoring trading	15.0	1,070	16,050	20.5	775	15,878
	Closure of trade	9.0	630	5,670	67.4	631	42,530
Employees	Consultation	9.0	630	5,670	-	-	-
	Correspondence	26.6	865	23,005	63.3	533	33,714
	Pensions	4.5	1,006	4,528	2.9	495	1,436
Correspondence	Creditors	21.4	456	9,768	25.5	630	16,065
	Shareholders	0.1	495	50	-	-	-
	Customers	52.0	380	19,760	222.3	503	111,838
	Press & media queries	1.0	800	800	-	-	-
Distributions	Secured creditors	2.8	823	2,304	21.3	398	8,483
	Preferential creditors	19.6	450	8,817	-	-	-
	Unsecured creditors	27.0	356	9,606	-	-	-
Total fees estimate		1,099.5	682	750,137	1,798.9	572	1,029,323



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 our disbursements in full.

Category 1 Outlays

These are payments made by us direct to third parties and for which no approval is required. IT costs of £24k have been incurred as Category 1 expenses. These costs include third party services in relation to IT infrastructure, emailing service providers and small ad-hoc expenses.

Yorkshire Energy Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period
Postage/Couriers	2,000	56
Specific Penalty Bond	230	230
IT Costs	-	23,561
Total disbursements	2,230	23,847

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate and was given by unsecured creditors on 28 April 2021.

We do not anticipate any category 2 disbursements during the appointment.

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.





This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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