

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

TUESDAY



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A10

07/12/2021

#114

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 Court details

Court name High Court of Justice Business and Property Courts
in Leeds

Court case number 8 7 0 2 0 2 0

3 Administrator's name

Full forename(s) Matthew James

Surname Cowlshaw

4 Administrator's address

Building name/number 156 Great Charles Street

Street Queensway

Post town Birmingham

County/Region

Postcode B 3 3 H N

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

5 Administrator's name ①

Full forename(s)	Clare
Surname	Boardman

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

6 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.

7 Appointor/applicant's name

Give the name of the person who made the appointment or the administration application.

Full forename(s)	
Surname	

8 Proposed liquidator's name

Full forename(s)	Matthew James
Surname	Cowlshaw
Insolvency practitioner number	0 0 9 6 3 1

9 Proposed liquidator's address

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

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Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name^①

Full forename(s)	Clare
Surname	Boardman
Insolvency practitioner number	0 1 2 7 3 0

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

11 Proposed liquidator's address^②

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

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

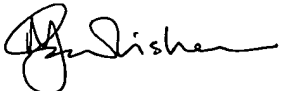
12 Period of progress report

From date	d 0 7	m 0 6	y 2 0 2 1
To date	d 2 3	m 1 1	y 2 0 2 1

13 Final progress report

☒ I have attached a copy of the final progress report.

14 Sign and date

Administrator's signature	Signature X  X		
Signature date	d 0 6	m 1 2	y 2 0 2 1

AM22

Notice of move from administration to creditors' voluntary liquidation



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 and dated 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

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






Final progress report to creditors pursuant to rules 18.6 and 3.53 of the Insolvency (England & Wales) Rules 2016 ("the Rules").

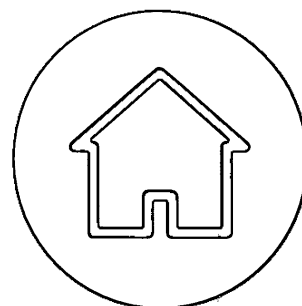
06 December 2021

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.

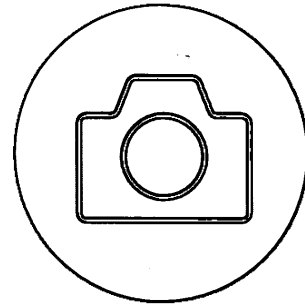
Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

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Key messages



Key messages

Joint Administrators of the Company

Matthew James Cowlshaw

Clare Boardman

Teneo Restructuring Limited

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 was to achieve a better result for the Company's creditors as a whole than a liquidation.
Achievement of the Joint Administrators' Proposals	<ul style="list-style-type: none">The orderly wind down of the business is now complete and final billing for all customers has been completed and transferred to Scottish Power as the Supplier of Last Resort ("SOLR").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 was also engaged to support this process.Cash at bank of £4.1m has been realised.Book debts of c.£2.1m have been recovered with assistance from a Debt Collection Agency, Barratt Smith Brown Ltd ("BSB") and via merchant service providers ("MSPs"): Stripe Payments UK Ltd ("Stripe") and Gocardless Ltd ("GoCardless").A further balance of c.£0.9m has been recovered from GoCardless in respect of customer direct debits.A pre-administration VAT refund of £324k has been received.
Costs	<ul style="list-style-type: none">Our fee basis was fixed on a time costs basis. Please see page 15 for further details.We have incurred total time costs of £1.3m and have drawn fees of £500k plus VAT. Please see page 15 for further details.Category 1 expenses in respect of legal fees and third party fees totalling c.£53k were incurred in the report period. Please refer to page 8 for details of the total costs.No further category 1 expenses, which are categorised as disbursements, have been incurred since our last report. Please refer to page 9 for details of the total costs.No further category 2 expenses were incurred in the report period. Please refer to page 17 for details of the total costs.
Outcome for Creditors	<ul style="list-style-type: none">The Secured Creditor, BP Gas Marketing Limited ("BP"), was repaid c.£3.2m in respect of their floating charge security. Their secured claim was agreed at this amount following ongoing discussions with BP during the period.There will be sufficient floating charge realisations to enable payment in full of preferential claims in the subsequent creditors' voluntary liquidation ("CVL").There will be sufficient floating charge realisations to enable payment in full of HM Revenue and Customs' ("HMRC") secondary preferential claim in the subsequent CVL. Please see page 13 for more details.There will be a distribution for unsecured creditors over and above the Prescribed Part, which will be paid in the subsequent CVL. The quantum of this dividend is not yet known.
End of the administration period	<ul style="list-style-type: none">The period of the administration was not extended and is due to end on or before 7 December 2021.The administration will exit into CVL for the above distributions to be made. Please refer to page 13 for further details.



Summary Proposals

Steps taken

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Costs

8



Summary of the 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;
- assessing the affairs of the Company and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management;
- continuing with enquiries into the conduct of the directors of the Company and continuing to assist any regulatory authorities with any investigation into the affairs of the Company;
- 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;
- 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.
- 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.

Specific approval from the appropriate body was sought 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 15 for details.



Summary Proposals

Steps Taken



The Joint Administrators' Proposals

Our Proposals were approved by deemed consent of the creditors of the Company on 16 February 2021.

Extensions to the administration

It was not necessary to extend the period of the administration.

Steps taken during the administration

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;
- Appointment notifications, including notifying the relevant parties of the appointments;
- Correspondence with unsecured creditors in respect of their claims and the outcome of the administration;
- Statutory reporting, including the preparation of the Proposals and progress reports;
- 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 for further information.
- Work in relation to the closure of the administration and preparing for the move to CVL.

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

Background

As previously reported, Scottish Power was appointed as the SOLR by the Office of Gas and Electric Markets ("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 c.75,000 customer accounts whilst preserving the maximum possible value of the debtors' ledger. We 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. By 30 April 2021 nine employees had been made redundant as all customer final billing data had been moved to Scottish Power to deal with final credit balances. All employees have now been made redundant.

Customer Accounts – Book debts

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

We spent a considerable amount of time working with the retained employees and Scottish Power to finalise the customer billing. After making initial attempts to collect the customer debt using retained employees, we engaged BSB to collect the remaining outstanding balances of c.£1.1m. To date we have received c.£265k from BSB in respect of the remaining book debt balances collected.

To date in the administration we have collected a total of c.£2.1m in book debts. Included in this figure is an amount of £0.5m received from GoCardless which was initially allocated to book debts in the previous period. In the period since our last report we have collected an additional c.£262k via MSP, BSB and directly from customers.

We are continuing to collect outstanding balances and a small number of customers are continuing to pay their final bill through a payment plan via GoCardless. These final balances will be collected in the subsequent CVL.

Summary Proposals

Steps Taken



The Joint Administrators' Proposals (continued)

Merchant service providers - Funds received from GoCardless

The Company's statement of affairs also shows a balance of c.£1.8m for funds held by Gocardless in relation to direct debits received from customers. c.£1.5m has been received into the administration estate to date of which c.£0.5m was reallocated to book debts in the previous period. The balance of c.£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 will be in the subsequent CVL.

Cash at bank

We have realised c.£4.1m cash at bank to date in the Administration in line with the statement of affairs.

Customers' credit balances

The Director's statement of affairs showed unbilled customer credit balances with an estimated to realise value of c.£1.9m. Following a review of the position, we concluded that these balances were not realisable assets of the Company.

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 c.£324k has been received.

One VAT return from 1 December 2020 to 6 December 2020 has not yet been finalised, and will be submitted in the subsequent CVL.

Post appointment VAT returns

We spent a considerable amount of time dealing with the Company's post appointment VAT returns. The treatment of the VAT on customers' accounts and on the costs of MSP has not been straightforward and required input from our VAT team which specialises in these matters.

Non domestic rates refund

We have recovered a non domestic rates refund of c.£1.3k in the period since our last report.

Chattel assets / Intangible 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 successfully negotiated a sale of this equipment to a former director of the Company for a total of £5k plus VAT. We are currently in the process of collecting in all equipment and expect to complete the sale in the subsequent CVL.

Intangible assets

The Company's statement of affairs included a fixed charge over intangible assets with an estimated to realise value of £5k. This related 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 however we are continuing to negotiate with an interested party.

Any sale will be completed in the subsequent CVL and will benefit unsecured creditors as BP has now been repaid in full.

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 were no longer in need of their services. Costs are covered on page 10.

Leasehold property

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

Summary Proposals

Costs



Third party costs incurred

Joint Administrators' – Category 1 Expenses

Category 1 expenses are payments to persons providing the service to which the expense relates and which are neither payment to us, the officeholders, or to an associate of ours. These expenses can be paid out of the estate by us without creditor approval.

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

Category 1 Expenses - Third party costs

It should be noted that the agents' costs, as outlined below, were not anticipated at the outset of the administration and therefore were not estimated in our Proposals:

- IT Costs - ENSEK Ltd ("ENSEK") have billed c.£476k excluding VAT to date in the administration excluding VAT for the provision of a billing platform that helped to calculate customers' final bills. A further c.£22k excluding VAT was paid to ENSEK as a ransom payment relating to pre-administration billing work.
- IT Costs - Vapour Media Ltd provided cloud technology access and have billed c.£6k excluding VAT to date in the Administration excluding VAT for this service.
- IT Costs - Mansys (UK) Ltd billed c.£8k excluding VAT in the period and provided technical IT support services relating to security, server access, Microsoft Office, Cloud Software licensing and other ad hoc IT queries. Total costs to date are c.£21k.
- IT Costs - Parallax Agency Ltd provided digital application management and hosting services and billed c.£48k excluding VAT to date in the administration for this service.
- MSP Costs - BSB provided debt collection services to collect outstanding customer balances, in the period and to date in the administration they have billed c.£16k excluding VAT. BSB were chosen for their low commission charges and they had previous experience of collecting energy company book debts utilising a billing recalculation tool.
- MSP Costs - Gocardless provided a domestic customer payment platform and to date in the administration have billed c.£26k excluding VAT in respect of this service.

Legal Fees

We 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 c.£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 c.£3.4k plus VAT.
- 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 c.£3.5k 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 c.£3.4k plus VAT.
- Adhoc queries on and general legal advice across the administration (if required), they estimated their fee for so doing will be c.£5k plus VAT.

To date they have incurred costs totalling c.£29k (plus VAT and disbursements). Further work regarding drafting a possible sale agreement of the book debts had been estimated at c.£30k plus VAT but this was not needed and accordingly costs to date are less than forecast in our Proposals.

All costs have been paid, as shown in the receipts and payments account on page 11.

All professional costs were reviewed and analysed in detail before payment was approved.

Summary
Proposals

Costs

Third party costs incurred (continued)

Category 1 Expenses - Disbursements

Our disbursements are summarised below:

Those Category 1 expenses categorised as disbursements are payments made by us direct to third parties and for which no approval is required and which are summarised in the table below:

Category 1 disbursements				
£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Postage/Couriers	2,000	-	-	56
Specific Penalty Bond	230	-	-	230
IT Costs	-	-	-	23,561
Total disbursements	2,230	-	-	23,847

IT costs of c.£23.5k to date have been incurred as Category 1 disbursements, as noted above. These costs include third party services in relation to IT infrastructure, emailing service providers and small ad-hoc expenses.

No disbursements have been recovered to date therefore any unpaid balances will be recovered in the subsequent CVL.



Progress of the administration

Pre-administration costs

Pre-administration costs

Administrators' costs

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

- 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.

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.

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

In relation to this work, our time costs were c.£37.2k plus VAT.

Legal costs

During planning for the administration, we were provided with legal assistance by Womble Bond Dickinson ("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's time costs were c.£34.4k plus VAT.

The costs set out above and opposite were all incurred on work undertaken to implement the administration strategy and statutory purpose.

The pre-administration costs as noted above and opposite, were approved by a decision of the unsecured creditors on 28 April 2021 and have been paid as shown in the receipts and payments account on page 11.



Summary Proposals

Daisy Energy Supply Ltd					
Joint Administrators' final receipts and payments account					
07 June 2021 to 23 November 2021					
£	SoA values	Notes	Period	To date	
Receipts					
Fixed Charge Receipts					
Intangible Assets	5,000	B	-	-	-
Floating Charge Receipts					
Book Debts	1,560,056	A	262,718	2,159,686	
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	-	-	
Rates Refund	-	E	1,300	1,300	
Bank Interest Gross	-	H	209	380	
Total receipts	10,513,956		264,227	7,548,394	
Payments					
Floating Charge Payments					
Salaries			8,022	320,361	
Cleaning			-	561	
IT Costs			8,653	555,319	
Pre Appointment Ransom Payment			-	22,258	
Office Supplies Provider			-	41	
MSP Costs			16,429	42,818	
Customer Refund			256	256	
Courier Services			80	80	
Pre - Administration Fees			37,200	37,200	
Administrators' Fees			500,000	500,000	
Legal Fees			29,297	29,297	
Pre-Appointment Legal Fees			-	34,357	
Service Charge			273	10,270	
Storage Costs			16	109	
Postage & Redirection			-	1,038	
Statutory Advertising			-	95	
Rents Payable			951	35,803	
Rates			12,975	12,975	
Insurance of Assets			291	291	
Bank Charges			53	112	
Distribution to Floating Charge Holder			1,713,257	3,213,257	
Total payments			2,327,751	4,816,496	
Balance				2,731,898	
Made up of:					
VAT Receivable		I		132,171	
Floating Charge Interest Bearing Bank Account		H		2,601,667	
Trade Creditors				(1,940)	
Balance in hand				2,731,898	

A receipts and payments account is provided opposite, detailing the transactions in the final period of the administration since our last report on 6 June 2021, and also summarising the transactions for the entire period of the administration.

Notes to receipts and payments account

A – Book Debts

Book debts of £2,159,686 include realisations from book debts and unbilled customer debtor balances. Please see page 7.

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 received from the MSP, GoCardless, in relation to direct debits collected from customers. Please see page 7. An additional balance of c.£0.3m is currently being held by GoCardless as a retention to cover any final costs incurred by GoCardless, including possible chargebacks by customers.

F - Unbilled customer credit balances

Please see page 7.

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. It is uncertain whether any funds will be recovered however an update will be provided to creditors in the subsequent CVL.

H - Bank interest

All funds were held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HMRC.

I – VAT

All sums shown opposite are shown net of VAT, which is recoverable and will be accounted for to HMRC in due course.

Rounding note

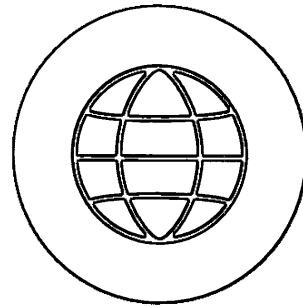
In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Information for creditors

Outcome for creditors

13



Information for creditors

Outcome for creditors

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 c.£1.4m.

BP has submitted a claim for c.£3.5m. The difference to the statement of affairs figure arises from the various contractual claims arising on termination of the Company's banking facilities. 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.

Distributions of c.£1.5m and c.£1.7m were made to BP on 30 April 2021 and 9 September 2021 respectively in full satisfaction of the agreed claim of £3,213,256.

As BP's claim has been satisfied in full, no further distributions will be made to BP in the subsequent CVL.

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 preferential claims would total £10k. We have received 10 claims totalling c.£15.1k and these have now been adjudicated and admitted for dividend.

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 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.

HMRC's position in respect of pre administration VAT matters is still being finalised therefore we are unable to confirm, at this stage, whether they will have a secondary preferential claim in the administration and subsequent CVL.

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.

As BP has now been paid in full, unsecured creditors may therefore receive a dividend in the subsequent CVL over and above the value of the distribution that would have been paid under the Prescribed Part. However this outcome is ultimately dependent upon the level of future asset realisations, and costs of the administration and subsequent CVL.

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 in the subsequent CVL is unknown.

End of the administration

The administration will end when the appropriate notice has been registered at Companies House, following which the Company will move into creditors' voluntary liquidation to enable us to finalise asset realisations, including the collection of final customer book debts, and payment of a dividend to unsecured creditors.

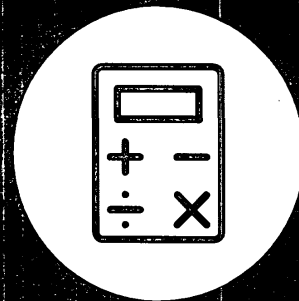




Remuneration and expenses

Joint Administrators' remuneration

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Remuneration and expenses

Joint Administrators' remuneration



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.

Time Costs - Fees drawn

We have drawn a total of £500k plus VAT in the period and to date in respect of our remuneration as shown in the receipts and payments account on page 10.

Please also note that our approved fee basis was inclusive of the costs in respect of work delivered by Deloitte LLP and as detailed further on page 16.

The balance of our approved time costs, in line with our approved fee estimate, will be drawn in the subsequent CVL.

Time costs - analysis of actual against budget

Please refer to page 15 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and for the entire period of our appointment.

As you will see our total time costs to 23 November 2021 are £1,351,037 made up of c.2,359 hours at a blended charge out rate of £573 across all grades of staff.

Time costs have exceeded budget

Our actual time costs are higher than we anticipated 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.
- 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.
- Higher volume than anticipated of creditor queries and correspondence regarding claims and the outcome of the administration.
- Costs in relation to forensic analysis and investigation of operations of the business.
- Review and negotiation of the secured creditor's 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.
- Greater complexity than anticipated at the outset in 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 in the subsequent CVL if we wish to increase the level of our remuneration.

The request for approval must be made—

- where the creditors' committee fixed the basis, to the committee;
- where the creditors fixed the basis, to the creditors;
- 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.

Fees Estimate and Joint Administrators' time costs for the period 06 June 2021 to 23 November 2021

All 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 for Report Period			Actual Time and Costs since Appointment		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)	Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	48.0	630	30,240	32.6	668	21,810	205.3	312	64,055
	Case supervision	62.2	811	50,468	42.6	524	22,333	124.5	623	77,560
	Case reviews	8.4	512	4,302	4.5	815	3,668	4.5	815	3,668
	Case closure matters	16.5	491	8,095	-	-	-	-	-	-
Statutory & compliance	Compliance & IPS diary	9.6	585	5,616	21.6	880	19,037	33.4	737	24,630
	Insurance	7.0	495	3,465	-	-	-	3.9	844	3,293
	General reporting	87.0	462	40,190	50.9	511	26,026	212.4	491	104,304
	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	0.8	1,195	956	81.3	540	43,914
Total of above categories		340.6	601	204,723	163.1	613	93,830	818.4	493	403,730
Taxation	Tax	13.0	1,032	13,415	-	-	-	52.5	525	27,531
	VAT	18.5	863	15,970	49.0	547	26,813	104.4	614	64,070
Asset realisations	Third party assets	3.0	743	2,230	-	-	-	2.4	887	2,128
	Book debts	282.2	628	177,259	43.2	578	24,933	312.4	690	215,589
	Chattel assets	14.1	630	8,883	9.0	380	3,420	9.0	380	3,420
	Other assets	8.0	1,064	8,515	0.6	611	357	32.4	755	24,435
	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	21.6	769	16,565	288.3	696	200,585
	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	60.3	600	36,177	123.6	565	69,891
	Pensions	4.5	1,006	4,528	3.0	650	1,918	5.9	573	3,353
Correspondence	Creditors	21.4	456	9,768	54.3	849	46,079	79.8	779	62,144
	Shareholders	0.1	495	50	-	-	-	-	-	-
	Customers	52.0	380	19,760	161.7	419	67,672	384.0	468	179,509
	Press & media queries	1.0	800	800	-	-	-	-	-	-
Distributions	Secured creditors	2.8	823	2,304	3.5	906	3,173	24.8	470	11,656
	Preferential creditors	19.6	450	8,817	1.2	650	780	1.2	650	780
	Unsecured creditors	27.0	356	9,606	-	-	-	-	-	-
Total fees estimate		1,099.6	682	760,137	660.4	674	321,714	2,369.3	673	1,361,037

Remuneration and expenses

Detailed information

Category 2 Expenses

Category 2 Expenses - are payments to us (as officeholder) or to our associates or payments which have an element of shared costs. These expenses require creditor approval in the same manner as our remuneration.

Category 2 Expenses

These are payments:

- to us (as officeholder), for example reimbursement to staff engaged on the case for their mileage costs) or in respect of shared or allocated costs; and also
- to our associates, e.g. to Deloitte LLP where their costs are being charged to the estate following the sale of the Deloitte UK Restructuring team to Teneo Restructuring Limited ("Teneo" and "the Transaction") on 29 May 2021.

These expenses require creditor approval in the same manner as our remuneration and are discussed in further detail below and opposite.

Mileage is calculated at the prevailing standard mileage rate of up to 45p at the time when the mileage is incurred. Further details regarding the ongoing Deloitte LLP services and summary charge out rate table are provided below and opposite.

Specific approval is required before these costs and expenses can to be drawn from the administration estate and which was given by unsecured creditors on 28 April 2021 other than in relation to the Deloitte LLP costs which are discussed further below and, in the column, opposite.

Additional note regarding category 2 disbursements

Prior to the move of the Deloitte UK Restructuring team to Teneo Restructuring Limited, ("the Transaction"), the work delivered by other Deloitte service lines (with the exception of Deloitte Call Centre) was charged to the estate to be recovered as part of the Joint Administrators' remuneration (from which an internal recharge would have then been made).

We have thus included the anticipated costs for the services being delivered by Deloitte LLP in our fees estimate as approved by creditors.

Following the Transaction, Deloitte LLP costs were required to be treated as Category 2 disbursements and thus required creditor approval. For avoidance of doubt however, all such costs were paid out of our approved remuneration, i.e. have not been charged as an additional cost.

Further details regarding the ongoing Deloitte LLP services and summary charge out rate table are provided below.

Deloitte LLP – Services being provided

We have detailed below the services which have been or continue to be provided by Deloitte LLP, the costs of which are included in our fee estimate and will thus be paid out of our approved remuneration.

- **Deloitte call centre** – is a special services team engaged to facilitate handling of stakeholder communications on cases such as this where high call volumes were/are anticipated. Their work, which is no longer ongoing, was charged on a time costs basis. Their total costs have been or will be paid out of our approved remuneration.
- **Deloitte Forensics** – were engaged to assist with data collection and storage. Their work, which is no longer ongoing, was charged on a time costs basis. Their total costs have been or will be paid out of our approved remuneration.
- **Deloitte Tax/VAT** – were engaged to assist with reconciling monthly VAT positions and providing advice on the VAT treatment of receipts and payments made in the administration. Their work, which is ongoing, is charged on a time costs basis and will be paid out of our approved remuneration.
- **Deloitte Global Financial Advisory India ("DIJV")** – are engaged to assist with general case management and administration. Their work, which will cease on the move to CVL is charged on a time costs basis and will be paid out of our approved remuneration.

Deloitte LLP Charge out Rate Bands (£/hour)

Grade	Rate (£/hour)
Partners	1430 - 1475
Directors	1205 - 1240
Associate Directors	1095 - 1130
Managers/Assistant Managers	94 - 400
Consultants	565 - 845
Associates	135 - 340
Administrators/Analysts	90 - 370
Agent	34



Remuneration and expenses

Detailed information

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