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

# AM10
## Notice of administrator's progress report

Companies House

TUESDAY

*A95EM141*
A18 19/05/2020 #205
COMPANIES HOUSE

### 1 Company details

| | |
|---|---|
| Company number | 1 0 3 0 0 8 6 1 |
| Company name in full | Rutherford Energy Supply Limited |

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

### 2 Administrator's name

| | |
|---|---|
| Full forename(s) | Matthew James |
| Surname | Cowlishaw |

### 3 Administrator's address

| | |
|---|---|
| Building name/number | Four Brindleyplace |
| Street | |
| Post town County/ | Birmingham |
| Region | |
| Postcode | B 1 2 H Z |
| Country | |

### 4 Administrator's name ❶

| | |
|---|---|
| Full forename(s) | Daniel James Mark |
| Surname | Smith |

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

### 5 Administrator's address ❷

| | |
|---|---|
| Building name/number | PO Box 500 |
| Street | 2 Hardman Street |
| Post town County/ | Manchester |
| Region | |
| Postcode | M 6 0 2 A T |
| Country | |

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

# AM10
Notice of administrator's progress report

## 6 Period of progress report

| | d | d | m | m | y | y | y | y |
|---|---|---|---|---|---|---|---|---|
| From date | 2 | 2 | 1 | 0 | 2 | 0 | 1 | 9 |
| To date | 2 | 1 | 0 | 4 | 2 | 0 | 2 | 0 |

## 7 Progress report

☑ I attach a copy of the progress report

## 8 Sign and date

Administrator's signature

Signature

X [signature] X

| | d | d | m | m | y | y | y | y |
|---|---|---|---|---|---|---|---|---|
| Signature date | 1 | 9 | 0 | 5 | 2 | 0 | 2 | 0 |

# 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 | Aaron Banks |
| Company name | Deloitte LLP |
| | |
| Address | Four Brindleyplace |
| | |
| | |
| Post town | |
| County/Region | Birmingham |
| Postcode | B 1 2 H Z |
| Country | |
| DX | |
| Telephone | +44 121 632 6000 |

## 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

Deloitte.

Uttily: Court Case No. CR-2019-LDS-001125
Rutherford: Court Case No. CR-2019-LDS-001123

High Court of Justice
Business and Property Courts in Leeds

Company Numbers: 07471188 and 10300861

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

# Uttily Plc ("Uttily")
# Rutherford Energy Supply Limited ("Rutherford")
# (both in administration)
## ("the Companies")

Progress report to creditors for the period to 21 April 2020 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

**Matthew James Cowlishaw and Daniel James Mark Smith ("the Joint Administrators") were appointed Joint Administrators of the Companies on 22 October 2019 by the Court. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies 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 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.**

19 May 2020

# Key messages

# Key messages

## Joint Administrators of the Companies

**Matthew James Cowlishaw**

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HZ

**Daniel James Mark Smith**

Deloitte LLP

2 Hardman Street

Manchester

M60 2AT

## Contact Details

Email: [illegible]@deloitte.co.uk

Website: www.ips-docs.com

Tel: +44 121 695 5827

| | Commentary |
|---|---|
| **Purpose of administrations** | • The purpose of the administrations is to achieve a better result for the Companies creditors as a whole rather than via liquidation. |
| **Progress of administrations** | • Prior to the appointment of the Joint Administrators, both companies had ceased to trade due to the Office of Gas and Electricity Markets ("Ofgem"), the industry regulator, revoking each company's energy supply licences.<br>• Book debts of £178,247 and £158,560 have been recovered during the period in Uttily and Rutherford respectively.<br>• Cash at bank of £11,000 and £291,534 has been received in Uttily and Rutherford respectively.<br>• We continue negotiations with the LPA Receiver of Low Grove House where Uttily has a beneficial interest via a deed of trust.<br>• We continue to investigate a number of potential interests in third party properties, including those owned by group entities and the Companies' director.<br>• Our investigations continue into the conduct of the Companies' director and assess claims that may be bought for the benefit of the administration estates. |
| **Costs** | **Uttily**<br>• Our time costs for the period of the report are £415,276. Please see page 17 for further details.<br>• Disbursements of £11,217 have been incurred in the reporting period. Please see page 19.<br>• Third party costs of £20,000 have been incurred in the report period. Please see page 9 for further details.<br>**Rutherford**<br>• Our time costs for the period of the report are £387,597. Please see page 18 for further details.<br>• We have incurred disbursements of £7,603 in the report period. Please see page 19.<br>• Third party of £20,000 have been incurred in the report period. Please see page 9 for further details. |
| **Outstanding matters** | • Realise the Companies' remaining book debts.<br>• Realise the Companies' furniture, fixtures and fittings.<br>• Continue ongoing discussions with the Liquidator of Skelwith to recover the surplus funds via a constructive trust and await the distribution of the share of the surplus to Uttily after the sale of Low Grove House is completed. Please see page 7 for further details.<br>• Finalise our investigations and pursue the causes of action.<br>• Settle outstanding wind down liabilities.<br>• Prepare for and make distributions to preferential creditors of Rutherford.<br>• Prepare for and make distributions to the unsecured creditors of both companies. |

# Key messages

| | Commentary |
|---|---|
| **Dividend prospects** | On current information, we anticipate the following outcome for each category of creditor:<br>**Uttily**<br>• There are no secured creditors in Uttily.<br>• Preferential creditors – We do not anticipate there will be any preferential claims in Uttily.<br>• Unsecured creditors – Presently we consider that there may be a distribution for unsecured creditors, however this is dependant upon asset realisations, not only from book debts but from properties not in control of the Administrators.<br>**Rutherford**<br>• There are no secured creditors in either Rutherford.<br>• Preferential creditors – It is expected that there will be sufficient "assets not pledged" realisations to enable payment in full of preferential claims.<br>• Unsecured creditors – Presently we consider that there may be a distribution for unsecured creditors, however this is dependant upon asset realisations. |
| **Extension to administration period** | We do not anticipate that it will be necessary to extend the period of the administrations which is due to end on or before 21 October 2020 as it is expected that the Companies will exit administration via creditors voluntary liquidation. |

# Progress of the administration

# Progress of the administrations
Summary

Work done during the report period

### Wind-down strategy

Ofgem carried out, in respect of Rutherford, a Supplier of Last Resort ("SOLR") process transferring all its customers to TOTAL Gas & Power Limited ("TGP").

Uttily, who did not directly supply energy to customers but had commercial arrangements in place with a number of partner suppliers, was not subject to a SOLR. In this instance we notified all customers and the partner suppliers of our appointment and advised them of the need for a Change of Tenancy ("CoT") in respect of their supply.

Immediately on appointment contact was made with Uttily's customers and partner suppliers to advise them of the administration, the energy supply licences being revoked and of the need to undertake a CoT process.

Prior to our appointment, Rutherford's customers had been notified of the SOLR process and transferred to TGP

Our strategy therefore was to wind down the business in an orderly fashion to maximise value in the customer book, work closely with TGP and the partner suppliers to ensure a smooth transition for customers, to reconcile all customer accounts and raise final invoices to the date of the revoking of the energy licences.

We initially retained 7 employees, to assist in the above.

We believe that winding the business down in this fashion would result in a better outcome for creditors than an immediate closure of the business. Closure of the business would likely have resulted in significant reductions in the level of recoveries on the customer accounts and, as a result, likely no dividend at all to any creditor.

The wind down and vacation of the rented office space was completed by 31 January 2020 with the remaining employees at that date being made redundant.

The wind down took longer than expected because of difficulties encountered collecting the book debts and the levels of queries raised by customers over meter readings, which needed to be addressed.

### Customers

Uttily's customers all required CoTs either with Uttily's energy partner supplier being the current "registered" supplier of energy or have the option of finding a new supplier and negotiating new rates.

Under the SOLR agreement Rutherford's customers were transferred to TGP on19 October 2019.

Notwithstanding the CoTs and the SOLR process all energy consumed by customers up to 18 October 2019 remained a debt due to Uttily / Rutherford.

### Book Debts

The principal asset in each company is the book debts, with most customers owing money to both companies due to the ongoing transitioning of the customer book from Uttily to Rutherford prior to our appointment.

After allowing for known bad debts and provisions the estimated net book value of the book debts initially totalled c.£835k across the Companies.

To date, book debts totalling £178,247 and £158,560 have been recovered in Uttily and Rutherford respectively.

The collection of the book debts has been hampered by the majority of the customers disputing amounts due, cash paid pre appointment not posted to the sales ledger, debts being at least over 12 months old at appointment and an over estimation of meter readings on company invoices leading to a further reduction in the sales ledger.

Solicitors have been instructed in certain instances to recover debts and this remains ongoing. Currently we estimate that a further c.£60k in Uttily and £63k in Rutherford may be collected across the Companies, making realisations of c.£238k and £222k respectively.

### Sale of business

Following our appointment, initial discussions were held with an interested party in respect of the Companies' IP, website and software.

This interest subsequently fell away and no further interest parties came forward.

Work done during the report period cont.

**Chattel assets**

The chattel assets comprise:

- Office furniture, fixtures and fittings
- Artwork

These assets are currently held in storage awaiting their sale following the relaxation of the lockdown due to the corona virus. We consider they may have a realisable value of c.£5k.

Uttily leased a piece of artwork which, on advice from our solicitors, is being returned because title remains with the lessor following completion of the lease period of the agreement.

**Rent office space**

The Companies operated from a serviced office in London which was handed back to the landlord following the completion of the wind-down process. A deposit, held by the landlord prior to appointment, has been retained by the landlord and offset against future liabilities accruing under the terms of the lease.

**Freehold property – Low Grove House**

Uttily has a beneficial interest via a deed of trust, in a property known as Low Grove House, situated in the Lake District with the director as the legal owner.

Following a sale, the deed grants 55% of any surplus, after settlement of the property's secured creditor's debt, to Uttily.

The secured creditor, Together Commercial Finance ("Together"), appointed an LPA Receiver over the property and we understand they have agreed a sale of the property to a third party.

Completion of the sale has yet to occur but we have been informed by the LPA Receivers' solicitors that they expect a small surplus to be available to Uttily. At this stage the amount is unquantifiable.

**Cash at bank**

The Companies' bank accounts held funds of c.£291k and c.£11k in Rutherford and Uttily respectively at the date of appointment and these amounts have been transferred to the Administrators' bank accounts.

**Uttily – Potential interest in third party properties**

There are two other properties together with land not owned by Uttily to which payments have been made by Uttily in respect of the mortgagees together with associated property costs.

The land and property are owned by Uttily Renewables Limited ("Renewables") and Skelwith Bridge Wharf Limited in Liquidation ("Skelwith"). A LPA Receiver has been appointed over both assets. The other property is a personal property of the Companies' director, Mr D Patel known as Flask Walk.

***Skelwith Bridge Wharf Limited / Uttily Renewables Limited***

The LPA Receiver has sold the property and land, repaid the secured creditor and, after costs, is retaining the surplus until 30 May 2020. This is because the Joint Administrators believe that due to the purpose of the funds provided by Uttily, the surplus is subject to a constructive trust in favour of Uttily and ranks ahead of the unsecured creditors of Skelwith.

Discussions between our solicitors and the Liquidator of Skelwith over this point are ongoing.

If this matter is not resolved by both parties by 30 May 2020, the LPA Receiver is to apply to court for an order that the funds be lodged in court.

At this stage the outcome our claim has not been concluded. If our claim is not upheld, Uttily will have an unsecured claim against Skelwith ranking for dividend purposes alongside the other unsecured creditors of Skelwith.

There will be a distribution to creditors in this matter, however the value of which is not presently quantifiable.

Uttily is estimated to be owed c.£706k by Skelwith and c.£117k by Renewables.

***Flask Walk***

Our lawyers have made demand for repayment of the monies advanced to Mr D Patel by Uttily in respect of the mortgage attached to this property.

We will update creditors on the position of the properties in future progress reports.

# Progress of the administrations
## Summary

Work done during the report period cont.

**Subsidiaries and related company debts**

Our enquiries into the affairs of the Companies has revealed that Uttily is owed c.£3.8m as follows:

| £'000 | |
|---|---|
| Subsidiaries (excluding Rutherford) | 562 |
| Related companies | 3,272 |
| | **3,834** |

Demand has been made on all companies and at this stage we consider only Skelwith and Low Grove will provide any recoveries of the above debts. This will not be at the level of the amount due.

**Creditors**

The director has not lodged a statement of affairs for either company.

However, Company records indicate 152 unsecured creditors including bond holders with estimated non-preferential claims totalling c.£8.9m in Uttily and 47 unsecured creditors with estimated non-preferential claims totalling c.£3.1m in Rutherford.

To date, 46 creditors have submitted unsecured claims totalling c.£4.1m against Uttily, with 18 creditors submitting unsecured claims of c.£3.8m against Rutherford.

**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;

**Statutory tasks (Cont.,)**

- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential reports to the Insolvency Service on the director's conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

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

**Director Conduct Report**

We have complied with our statutory duty to report on the conduct of the Companies' director and submitted our confidential reports to the Insolvency Service on 22 January 2020.

**Investigations**

Our investigations have revealed that, in addition to the normal trading activities, there have been significant funds expended over the years in relation to:

- Supporting subsidiaries;
- Providing finance to related companies as mentioned earlier including funding properties and land owned by Skelwith, Renewables and properties to which the Companies' director is recorded as the legal owner;
- Meeting property costs of properties owned by the director, (albeit on one there is a deed of trust providing part of the surplus that becomes available when sold is to be paid to Uttily); and
- Loans and dividends paid to the director.

We are currently pursuing the above matters and updates will be provided in future reports.

### Investigations (Cont.,)

We continue to review the information available to assess whether there are any other 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 Uttily.

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

### Third party costs incurred during the report period

The following third party costs and expenses have been incurred during the report period, these costs have been paid as detailed below:

- Legal Costs: we have instructed Pinsent Mason LLP to assist in the following matters.
  - General legal advice and a review of the validity of appointment;
  - Assistance in book debt collection;
  - The possibility of a constructive trust over the Skelwith / Renewable surplus;
  - Assisting with the review of the potential claims against the director and preparing a detailed letter of demand; and
  - Discussing the potential sale of IP and business.
- To date, they have billed £20k plus VAT and disbursements in each company, which has been invoiced and will be settled following this report. They estimate their fees for doing this work will be in the region of £65k plus VAT between the Companies.
- Agents' Costs:- we instructed Wyles Hardy & Co to assist in the following matters:
  - the disposal of the Company office furniture, fixture and fittings. Removing the books and records of the Companies . They have estimated a costs of £1k plus VAT.

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

# Progress of the administration

## Receipts and payments – Uttily

Joint Administrators' receipts and payments account
22 October 2019 to 21 April 2020

| | Notes | To date |
|---|---|---|
| **Receipts** | | |
| Book Debts | | 178,247 |
| Cash at Bank | | 11,000 |
| Bank Interest Gross | | 68 |
| **Total receipts** | | **189,314** |
| **Payments** | | |
| Pre Administrators' Fees | | 25,417 |
| Pre Appointment Legal Fees | | 18,000 |
| Pre Appointment Counsel Fees | 3 | 1,750 |
| Telephone Costs | | 341 |
| Lease Creditors (Artwork) | | 11,753 |
| Storage Costs | | 368 |
| Rents Payable | | 4,474 |
| Bank Charges | | 2 |
| IT Costs/Expenses | | 1,633 |
| **Total payments** | | **63,737** |
| **Balance** | | **125,577** |
| **Made up of:** | | |
| Floating Chge Deposit A/c | 1 | 116,005 |
| VAT Receivable/(Payable) | 2 | 7,823 |
| Funds due (to)/from Rutherford | | 1,750 |
| **Balance in hand** | | **125,577** |

A receipts and payments account is provided opposite, detailing the transactions during the report period to 21 April 2020.

### Notes to receipts and payments account

**Note 1 –** All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

**Note 2 –** All sums shown opposite are shown net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course.

**Note 3** – In accordance with the Court order appointing the Joint Administrators, pre appointment Counsel fees were payable from the administration estate and did not require prior creditor approval.

### Statement of Affairs

No statement of affairs was provided for the Company, accordingly we are unable to provide comparative figures based on estimated to realise values.

### 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

## Receipts and payments - Rutherford

Joint Administrators' receipts and payments account
22 October 2019 to 21 April 2020

| £ | Notes | To date |
|---|---|---|
| **Receipts** | | |
| Book Debts | | 158,560 |
| Cash at Bank | | 291,534 |
| Bank Interest Gross | | 251 |
| **Total receipts** | | **450,345** |
| | | |
| **Payments** | | |
| Wages and Salaries | | 126,045 |
| Payroll Bureau | | 213 |
| Pre Appointment Administrators' Fees | | 30,466 |
| Pre Appointment Administrators' Expenses | | 1,908 |
| Pre-Appointment Legal Fees/Disbs | | 18,000 |
| Pre Appointment Counsel Fees | 4 | 1,750 |
| Storage of company equipment | | 1,000 |
| Website Costs | | 2,727 |
| Agents'/Valuers' Fees | | 800 |
| IT Costs | | 16,715 |
| Ransom Payments | 5 | 6,355 |
| Irrecoverable VAT | 5 | 1,872 |
| Storage of Books and Records | | 130 |
| Postage & Redirection | | 422 |
| Statutory Advertising | | 175 |
| Rents Payable | | 7,923 |
| Bank Charges | | 45 |
| **Total payments** | | **216,547** |
| | | |
| **Balance** | | **233,798** |
| | | |
| **Made up of:** | | |
| Floating Chge Deposit A/c | 1 | 224,813 |
| Payroll Deductions | 3 | (659) |
| VAT Receivable/(Payable) | 2 | 11,394 |
| Funds due (to)/from Uttily | | (1,750) |
| **Balance in hand** | | **233,798** |

A receipts and payments account is provided opposite, detailing the transactions during the report period to 21 April 2020.

### Notes to receipts and payments account

**Note 1 –** All funds were held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

**Note 2 –** All sums shown opposite are shown net of VAT, which is recoverable and has been accounted for to HM Revenue & Customs in due course.

**Note 3 –** Deductions from employee wages (including attachment of earnings) for ongoing payment to the relevant authorities.

**Note 4** – In accordance with the Court order appointing the Joint Administrators, pre appointment Counsel fees were payable from the administration estate and did not require prior creditor approval.

**Note 5** - Ransom payments were demanded and paid to the third party suppliers of the Company's IT services, as it was critical to the ongoing debtor recovery strategy that the services were not discontinued.

### Statement of Affairs

No statement of affairs was provided for the Company, accordingly we are unable to provide comparative figures based on estimated to realise values.

### 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 administrations

## Pre-administration costs

Pre administration costs

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

- In the period after the Companies had informed Ofgem to enact the SOLR process and the board meetings which resolved to place the Companies into Administration (17 October 2019) the prospective Administrators incurred unpaid time costs of £25,417 plus VAT and £30,466 plus VAT across Uttily and Rutherford respectively.
- During this period the prospective Administrators worked with the Companies to:
    - Engage with Ofgem around the requirements of the SOLR process;
    - Assist in the provision of information required by Ofgem for the SOLR process;
    - Liaise with legal advisors and Ofgem to ensure the necessary steps were in place for the Administration of an energy supply company;
    - Complete of the appointment documentation; and
    - Develop a strategy for the Administration appointments.

**Fees**

We have incurred pre-administration time costs as detailed above.

**Expenses**

In addition, the following pre-administration expenses were also incurred in Rutherford:

- Travel - £844
- Accommodation - £1,022
- Subsistence - £42

**Legal costs**

During planning for the administration, we were assisted by Pinsent Masons LLP on matters including:

- Assisting the Director in the preparation of the Witness Statement to be presented to Court as part of the SOLR process;
- Attending Court on 22 October 2019 as part of the SOLR process; and
- Preparation of appointment documents.

In respect of this work, Pinsent Masons LLP time costs were £18,000 plus VAT for Uttily and £18,000 plus VAT for Rutherford.

***Uttily***

We sought approval for these costs by a decision of the unsecured creditors on 31 December 2019. These costs were drawn as shown in the receipts and payments account on page 10, on the basis we had approval.

However, following an administrative error, we are required to retrospectively seek approval to draw these costs by a decision of the unsecured creditors. The costs associated with the decision procedure will not be charged to the estate.

***Rutherford***

These costs have now been approved by a decision of the unsecured creditors on 31 December 2019 and have been drawn as shown in the receipts and payments account on page 11.

# Information for creditors

# Information for creditors
Outcome

## Outcome for creditors

### Secured creditors

The Companies did not grant any security to any third party, thus there are no secured creditors.

### Preferential creditors

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

*Uttily*

As all employee contracts were transferred to Rutherford prior to our appointment, we do not anticipate there will be any preferential claims in Uttily.

*Rutherford*

In Rutherford, we estimate that there will be preferential claims totalling c.£12k.

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

### Unsecured creditors

Company records shows 152 unsecured creditors including bond holders with estimated non-preferential claims totalling c.£8.9m in Uttily and 47 unsecured creditors with estimated non-preferential claims totalling c.£3.1m in Rutherford.

As detailed above, there may be sufficient asset realisations to enable a small dividend to be distributed to the unsecured creditors of the Companies.

In Uttily, much depends on recovering the proceeds of the Skelwith surplus or a dividend in its liquidation.

Please see page 8 for further details of claims received to date.

### Bond holders

During 2014 to 2018, Uttily raised funding through the bond market. Company records show at the date of appointment there were approximately 127 bond holders who had invested c.£5.6m.

Bond holders claims rank as unsecured claims in the administration. As detailed opposite, we anticipate that there may be sufficient asset realisations to enable a distribution to be made to unsecured creditors in Uttily.

## 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 administrations and exit

We do not currently anticipate that it will be necessary to extend the period of the administrations, which is due to end on or before 22 October 2019. If there remains assets to realise and a distribution to creditors likely, we will takes steps to place the Companies into creditors voluntary liquidation.

# Remuneration and expenses

# 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**

*Uttily*

We sought approval of these costs by a decision of the unsecured creditors on 31 December 2019.

However, following an administrative error, we are required to seek fee approval once again from the unsecured creditors.

Accordingly, we are holding a decision procedure to fix the basis of our remuneration on a time costs basis as per our previous approval request. The decision procedure will be conducted by correspondence. Please refer to the website to view the Notice of Decision Procedure and for further details and guidance including voting forms if required.

The costs associated with the decision procedure will not be charged to the estate.

No fees have drawn during the period as shown in the receipts and payments account.

*Rutherford*

The basis of our remuneration was fixed on 31 December 2019 by the creditors by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon.

No fees have drawn during the period as shown in the receipts and payments account.

**Time costs - analysis of actual against budget**

Please refer to pages 17 and 18 where we have updated the Fees Estimates to provide details of our actual time costs for the period of the report and also summarised here:

*Uttily*

Our total time costs to 21 April 2020 are £415,276 made up of 720.1 hours at a blended charge out rate of £577 per hour across all grades of staff.

*Rutherford*

Our total time costs to 21 April 2020 are £387,597 made up of 681.6 hours at a blended charge out rate of £569 per hour across all grades of staff.

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

- Lengthy and complex negotiations with customers to collect the book debts given the volume of disputed balances and issues relating to pre appointment invoices.
- Costs in relation to realising the Companies' assets have been hampered by the vast intercompany payments and necessity to negotiate with other Liquidators/Receivers.
- Higher costs than expected continue to be incurred while investigating claims against third parties in order to seek recoveries for creditors.
- Higher volume than anticipated of creditor queries.

Although our actual time costs to date are higher than we anticipated, we do not intend to draw fees in excess of £342,437 in Uttily and £279,799 in Rutherford, as provided for in our Fee Estimates at this stage.

## Uttily - Fees Estimate and Joint Administrators' time costs for the period of the report to 21 April 2020

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 | 25.5 | 502 | 12,788 | 54.8 | 435 | 23,828 |
| | Case supervision | 38.5 | 525 | 20,195 | 56.5 | 488 | 27,586 |
| | Case reviews | 8.4 | 462 | 3,882 | 0.3 | 480 | 144 |
| | Case closure matters | 8.5 | 499 | 4,240 | - | - | - |
| Statutory & compliance | Compliance & IPS diary | 24.0 | 485 | 11,640 | 11.6 | 551 | 6,395 |
| | Insurance | 2.0 | 360 | 720 | 2.0 | 360 | 720 |
| | General reporting | 53.5 | 530 | 28,340 | 20.2 | 598 | 12,055 |
| | Regulatory & other legislation | 2.4 | 485 | 1,164 | 0.3 | 665 | 200 |
| Initial actions | Appointment matters | 11.8 | 554 | 6,567 | 13.4 | 563 | 7,547 |
| | Securing assets | 6.9 | 810 | 5,586 | 6.9 | 758 | 5,233 |
| | Notifications | 16.4 | 509 | 8,345 | 17.0 | 505 | 8,577 |
| Investigations | CDDA reporting | 24.0 | 484 | 11,620 | 28.4 | 464 | 13,168 |
| | Investigations | 36.0 | 854 | 30,735 | 95.1 | 783 | 74,468 |
| **Total of above categories** | | **257.9** | **565** | **145,822** | **306.4** | **587** | **179,919** |
| Taxation | Tax | 21.7 | 466 | 10,103 | 3.8 | 912 | 3,465 |
| | VAT | 10.7 | 438 | 4,672 | 10.6 | 570 | 6,061 |
| Asset realisations | Third party assets | 3.0 | 775 | 2,325 | 1.6 | 775 | 1,240 |
| | Book debts | 107.0 | 648 | 69,345 | 177.4 | 525 | 93,191 |
| | Chattel assets | 4.0 | 775 | 3,100 | 0.5 | 775 | 388 |
| | Other assets | 31.0 | 639 | 19,795 | 57.5 | 775 | 44,563 |
| | Sale of business | 11.1 | 775 | 8,603 | 14.6 | 775 | 11,315 |
| | Antecedent transactions | 2.9 | 775 | 2,248 | 9.8 | 775 | 7,595 |
| Correspondence | Creditors | 18.5 | 451 | 8,340 | 25.8 | 559 | 14,434 |
| Distributions | Unsecured creditors | 27.5 | 374 | 10,275 | 2.6 | 360 | 936 |
| Case specific matters | Collection of Records/Systems | 117.5 | 492 | 57,810 | 109.5 | 476 | 52,170 |
| **Total fees estimate** | | **612.8** | **559** | **342,437** | **720.1** | **577** | **415,276** |

## Rutherford - Fees Estimate and Joint Administrators' time costs for the period of the report to 21 April 2020

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 | 50.4 | 497 | 25,024 | 99.7 | 435 | 43,381 |
| | Case supervision | 33.2 | 531 | 17,620 | 53.8 | 513 | 27,616 |
| | Case reviews | 8.4 | 462 | 3,882 | 0.3 | 480 | 144 |
| | Case closure matters | 8.5 | 499 | 4,240 | - | - | - |
| Statutory & compliance | Compliance & IPS diary | 24.0 | 485 | 11,640 | 13.1 | 550 | 7,199 |
| | Insurance | 0.4 | 775 | 310 | 0.4 | 775 | 310 |
| | General reporting | 53.5 | 530 | 28,340 | 22.4 | 609 | 13,602 |
| Initial actions | Appointment matters | 6.2 | 676 | 4,191 | 8.7 | 620 | 5,398 |
| | Securing assets | 5.4 | 539 | 2,911 | 5.4 | 523 | 2,823 |
| | Notifications | 20.3 | 458 | 9,294 | 20.8 | 447 | 9,300 |
| Investigations | CDDA reporting | 17.0 | 493 | 8,388 | 13.7 | 455 | 6,239 |
| | Investigations | 15.0 | 934 | 14,010 | 89.5 | 463 | 41,482 |
| **Total of above categories** | | **242.3** | **536** | **129,849** | **327.8** | **481** | **157,494** |
| Taxation | Tax | 19.7 | 444 | 8,748 | 4.1 | 943 | 3,867 |
| | VAT | 10.7 | 438 | 4,672 | 5.2 | 493 | 2,561 |
| Asset realisations | Book debts | 107.4 | 720 | 77,346 | 239.7 | 714 | 171,076 |
| | Other assets | 2.9 | 775 | 2,248 | 7.9 | 775 | 6,123 |
| | Antecedent transactions | - | - | - | 3.8 | 775 | 2,945 |
| Employees | Correspondence | 18.0 | 480 | 8,640 | 20.9 | 521 | 10,899 |
| | Pensions | 6.5 | 480 | 3,120 | 2.1 | 480 | 1,008 |
| Correspondence | Creditors | 18.5 | 451 | 8,340 | 21.8 | 429 | 9,355 |
| Distributions | Preferential creditors | 11.5 | 433 | 4,985 | - | - | - |
| | Unsecured creditors | 27.5 | 374 | 10,275 | 1.8 | 387 | 696 |
| Case specific matters | Collection of Records/Systems | 46.5 | 464 | 21,577 | 46.5 | 464 | 21,575 |
| **Total fees estimate** | | **511.5** | **547** | **279,799** | **681.6** | **569** | **387,597** |

# 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.

**Uttily - Category 1 disbursements**

| £ (net) | Estimated per Proposals | Incurred in report period | Paid | Unpaid |
|---|---|---|---|---|
| Travel | 1,400 | 3,863 | - | 3,863 |
| Accommodation | 3,080 | 5,481 | - | 5,481 |
| Subsistence | 320 | 1,018 | - | 1,018 |
| Telephone | 80 | 61 | - | 61 |
| Postage/Couriers | 280 | 519 | - | 519 |
| Specific Penalty Bond | 230 | 230 | - | 230 |
| Stationery | - | 45 | - | 45 |
| **Total disbursements** | **5,390** | **11,217** | **-** | **11,217** |

**Rutherford - Category 1 disbursements**

| £ (net) | Estimated per Proposals | Incurred in report period | Paid | Unpaid |
|---|---|---|---|---|
| Travel | 2,100 | 2,328 | - | 2,328 |
| Accommodation | 4,620 | 3,875 | - | 3,875 |
| Subsistence | 480 | 501 | - | 501 |
| Telephone | 120 | 40 | - | 40 |
| Postage/Couriers | 420 | 398 | - | 398 |
| Specific Penalty Bond | 230 | 230 | - | 230 |
| **Total disbursements** | **7,970** | **7,372** | **-** | **7,372** |

**Rutherford - Category 2 disbursements**

| £ (net) | Estimated per Proposals | Incurred in report period | Paid | Unpaid |
|---|---|---|---|---|
| Mileage | 231 | 231 | - | 231 |
| **Total disbursements** | **231** | **231** | **-** | **231** |

Joint Administrators' Disbursements

Details of all disbursements are given opposite and from which it can be seen that we have not recovered our disbursements in full.

**Category 2 Disbursements**

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

In Uttily we are seeking approval from creditors to draw our expenses, at the same time as requesting approval for our pre and post appointment costs. Please see page 16 for further detail.

In Rutherford, this approval was given by the creditors on 31 December 2019.

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

# 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.

Deloitte.

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