

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 1 0 8 7 1 6 5 7

Company name in full Neon Reef Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Business & Property Courts of
England & Wales, Insolvency & Companies List (ChD)

Court case number C R - 2 0 2 1 - 0 0 2 1 8 8

3 Administrator's name

Full forename(s) Robert Andrew

Surname Croxen

4 Administrator's address

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ①
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Mark Granville

Surname

Firmin

3 Insolvency practitioner's address

Building name/number

Suite 3 Regency House

Street

91 Western Road

Post town

Brighton

County/Region

Postcode

B N 1 2 N W

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

5**Administrator's name ①**

Full forename(s)

Paul

Surname

Berkovi

① Other administrator

Use this section to tell us about another administrator.

6**Administrator's address ②**

Building name/number

Suite 3 Regency House

Street

91 Western Road

Post town

Brighton

County/Region

Postcode

B N 1 2 N W

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)

Directors

Surname

8**Proposed liquidator's name**

Full forename(s)

Robert Andrew

Surname

Croxen

Insolvency practitioner number

9 7 0 0

9**Proposed liquidator's address**

Building name/number

Suite 3 Regency House

Street

91 Western Road

Post town

Brighton

County/Region

Postcode

B N 1 2 N W

Country

Continuation page

Name and address of insolvency practitioner

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- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Mark Granville
Surname Firmin

3 Insolvency practitioner's address

Building name/number Suite 3 Regency House
Street 91 Western Road
Post town Brighton
County/Region
Postcode B N 1 2 N W
Country

AM22

Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name^①

Full forename(s)

Paul

Surname

Berkovi

Insolvency practitioner
number

2 4 8 1 0

① Other liquidatorUse this section to tell us about
another liquidator.**11** Proposed liquidator's address^②

Building name/number

Suite 3 Regency House

Street

91 Western Road

Post town

Brighton

County/Region

Postcode

B N 1 2 N W

Country

② Other liquidatorUse this section to tell us about
another liquidator.**12** Period of progress report

From date

^d2 ^d4 ^m0 ^m5 ^y2 ^y0 ^y2 ^y2

To date

^d1 ^d7 ^m1 ^m0 ^y2 ^y0 ^y2 ^y2**13** Final progress report☒ I have attached a copy of the final progress report.**14** Sign and dateAdministrator's
signature

Signature

X



X

Signature date

^d0 ^d1 ^m1 ^m1 ^y2 ^y0 ^y2 ^y2

**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 **Ruth Turner**

Company name **Alvarez & Marsal Europe LLP**

Address **Suite 3 Regency House**

91 Western Road

Post town **Brighton**

County/Region

Postcode **B N 1 2 N W**

Country

DX

Telephone **+44 (0) 20 7715 5200**

**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

NEON REEF LIMITED – IN ADMINISTRATION

Joint Administrators' final progress report

For the period from 24 May 2022 to 17 October 2022

1 November 2022

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1 Executive summary

- Rob Croxen, Paul Berkovi and Mark Firmin of Alvarez & Marsal Europe LLP (“A&M”) were appointed as Joint Administrators (“we”/“us”/“our”) of Neon Reef Limited (the “Company”) on 24 November 2021.
- The progress report covers the period from 24 May 2022 to 17 October 2022. During the period we have collected and reconciled customer receipts, liaised with HMRC and continued with the Court directions Application as detailed in Section 5 of this report.
- We intend to move the Company from administration to a Creditors’ Voluntary Liquidation (“CVL”), as provided for in our Statement of Proposals (“Proposals”). This will allow us to finalise the matters outstanding from the administration, which include, but are not limited to, the transfer of the administration surplus to the CVL; continuing the Court directions application, and arranging for the relevant distributions to creditors once all remaining costs have been paid and all claims have been adjudicated (Section 3 – Strategy and outcome of the administration).
- We are not aware of any secured claims against the Company (Section 4 – Outcome for creditors).
- During the period of this report, all known ordinary preferential creditors have been paid a dividend of 100p in the £ (Section 4 – Outcome for creditors).
- Based on current estimates, we anticipate that secondary preferential creditors should receive a dividend of 100p in the £, which will be distributed in the CVL (Section 4 – Outcome for creditors).
- Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount and timing of this due to uncertainty regarding the outcome of the Court Directions and the final adjudication of claims (Section 4 – Outcome for Creditors) and (Section 5 – Other matters).
- We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to move the Company into CVL. We will cease to act as Joint Administrators when these documents are registered by the Registrar of Companies. From that date, the Company will move into CVL and we will become liquidators. (Section 7 – Exit route).
- Please note, you should read this progress report in conjunction with our previous progress report and Proposals which were issued to the Company’s creditors and are available on the portal (the “Portal”). Unless defined otherwise in this progress report, terms defined in this report shall have the same meaning as assigned to them in our previous reports. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Rob Croxen
Joint Administrator

2 A message to customers

All customers have transferred to British Gas under Ofgem's Supplier of Last Resort ("SoLR") process and the Company's operations and IT systems have been wound down.

If customers have any outstanding queries including those regarding ongoing supply, outstanding credit balances or making payment in respect of outstanding debit balances, then customers are kindly asked to use the following British Gas webpage to contact British Gas direct. This also applies to customers who changed energy suppliers prior to Neon Reef entering administration and are owed credit balances by British Gas.

<https://www.britishgas.co.uk/solr/neon-reef.html>

If customers need additional support in England and Wales, they can call Citizens Advice on 0808 223 1133 or email them via their webform:

<https://www.citizensadvice.org.uk/about-us/contact-us/contact-us/contact-us/>

If customers need additional support in Scotland, they can contact Advice Direct Scotland on 0808 196 8660 or email them via their webform:

<https://advice.scot/contact-us/>

3 Strategy and outcome of the administration

This section provides a final update on the administration. It follows the information provided in our Proposals and previous progress report.

Our Proposals and previous progress report summarised various key matters including, but not limited to:

- Messages to the Company's customers;
- Details of the SoLR process;
- Background information including events leading to the administration;
- Strategy and progress of the administration;
- The key terms and benefits of the Debt sale;
- Details of our receipts and payments to 23 May 2022; and
- Our analysis of the time spent, and work undertaken.

3.1 Strategy and outcome

As detailed in our previous reports, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up. We consider that we have achieved this objective as the funds realised in the administration exceed those which would have been achievable in a liquidation only scenario.

In the period following our first progress report, we have:

- Distributed £14,531 to the ordinary preferential creditors;
- Reconciled all customer receipts received during the period of the administration to ensure they have been correctly applied to customer accounts and paid to British Gas where appropriate;
- Liaised with HMRC in respect of post appointment reporting;
- Continued with the Court directions application detailed in Section 5 of our first progress report. As previously advised, the claims that the Court directions application relate to are complex. We have continued to liaise with our legal advisers and legal counsel in respect of these claims. The Court directions application was held in October 2022 and we are awaiting judgment; and
- Continued to deal with a number of customer enquiries and worked closely with British Gas, Ofgem and various customer support organisations (e.g., Citizens' Advice) to assist customers who have queries relating to their account.

Debtor collections and final customer receipt reconciliation

Since our appointment, amounts were collected from customers through a combination of regular direct debits, variable direct debits from customers with debit balances and direct payments from customers with debit balances. The amounts collected by direct debit from customers with debit and credit accounts were held by SmartDebit until a full customer receipt reconciliation was complete and agreed with British Gas.

During this period the reconciliation process was completed and all amounts held by Smart Debit were released to the administration account, which we then allocated between cash at bank, book debts and amounts to be repaid to British Gas (the majority of which related to

amounts received from customers with credit balances). Further details regarding these amounts are in Section 3.2 – Asset realisations.

Debt Sale

As previously advised, the final purchase price for the Debt Sale was £399,769. This has now been received in full.

Customer communications

We continue to receive queries from former customers of the Company and we follow our communications plan to manage these enquiries and to direct customers to the appropriate information being provided by Ofgem and British Gas.

3.2 Asset realisations

Realisations during the administration are set out in the attached receipts and payments account (Appendix 3).

Summaries of the most significant realisations during this period are provided below. Other significant realisations during the administration are detailed in our previous progress report. We do not anticipate any further material realisations.

Book debts

As previously reported, the Debt Sale completed on 4 January 2022 once the final billing process had completed. We received a total of £885,701 in the reporting period for customer book debts, of which £279,769 was the remaining amount due from British Gas in respect of the Debt Sale and £605,932 was from receipts collected from customers with debit balances in the period prior to the Debt Sale.

All receipts have been applied to customer accounts and no further receipts are anticipated.

Cash at bank

Following the reconciliation of cash held by SmartDebit a total of £365,286 has been allocated to cash at bank which represents customer receipts paid to the Company prior to our appointment.

Merchant deposits

A total of £114,519 has been received from SmartDebit in relation to the release of holdback amounts held in relation to customer direct debits.

Third Party Monies Received in Error

We received £867,664 which was being held by SmartDebit, the majority of which relates to receipts from customers with credit balances. All amounts have now been repaid to British Gas to be applied to customer accounts.

All direct debits have now been cancelled and we therefore do not expect to receive any further third-party customer receipts.

3.2.1 Investigations

We have reviewed the affairs of the Company to assess if there are any actions which can be taken against third parties to increase recoveries for creditors. No such causes of action have been identified to date.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

3.3 Expenses

3.3.1 Payments

Payments made during the administration are set out in the attached receipts and payments account (Appendix 3).

Summaries of the most significant payments made during this period are provided below. Other significant payments made during the administration are detailed in our previous progress report.

Repayment of Third-Party Monies Received

£874,174 has been refunded to British Gas following the reconciliation of cash held by SmartDebit. The majority of this relates to amounts received from customers with credit balances and these have been refunded to British Gas in order to correctly apply them to customer accounts. The cash reconciliation is now complete and we do not anticipate any further repayment of third-party monies received.

Joint Administrators' fees

A total of £669,812 has been paid in relation to our post-appointment fees.

Legal fees and disbursements

We have paid legal fees and disbursements of £10,032 in the period of this report.

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 4).

4 Outcome for creditors

4.1 Secured creditors

We are not aware of any secured claims against the Company.

4.2 Preferential creditors

The ordinary preferential claims have been agreed at £14,531.

A first and final dividend to ordinary preferential creditors of 100p in the £ was declared on 10 October 2022 and paid during the period.

Based on current estimates, we anticipate that the secondary preferential creditors should receive a dividend of 100p in the £ which will be paid in the CVL.

4.3 Unsecured creditors

Based on current estimates, we anticipate that the unsecured creditors should receive a dividend during the liquidation. The timing and amount will be determined once the realisation of assets, payment of associated costs and adjudication of claims has been completed during the liquidation.

5 Other matters

5.1 Court directions application

As detailed in our previous progress report, there are a number of potential creditor claims or contingent creditor claims that have been, or could be, lodged in the administration estate.

These claims could be substantial and if admitted would have a significant impact on the percentage return to unsecured creditors of the estate.

We are continuing to work with Ofgem, a number of the relevant SoLRs, and a significant unsecured creditor to some of the relevant insolvent energy companies in relation to the Court directions application to ensure the Court can consider the arguments and provide clear guidance on how these claims should be treated. This application took place at the beginning of October 2022 and we are currently awaiting judgment.

6 Joint Administrators' remuneration and category 2 expenses

6.1 Joint Administrators' remuneration and category 2 expenses

6.1.1 Basis of remuneration and category 2 expenses

During the administration, the Company's creditors have provided approval that:

- Our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided in our proposals; and
- Category 2 expenses (as defined in Statement of Insolvency Practice 9 and disclosed to creditors) will be paid as an expense of the estate, including disbursements paid directly by A&M and charged in accordance with our charging policy as set out in Appendix 5.

6.1.2 Time costs

During the period we have incurred time costs of £221,652. These represent 337.4 hours at an average rate of £657 per hour.

From the date of our appointment to 17 October 2022, we have incurred time costs of £1,330,790. These represent 2,103.7 hours at an average rate of £633 per hour.

6.1.3 Remuneration

During the period, we have drawn remuneration of £669,812.

The balance of our fees will be paid in the CVL.

6.1.4 Additional information

Fees estimate

Our fees estimate of £1,566,720 will not be exceeded during the administration.

Fees estimate

We do not anticipate that the expenses to be incurred during the administration will exceed our original expenses estimate of £416,658.

Time spent and charging policy

We have attached at Appendix 5 an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Alvarez & Marsal Europe LLP for the period of this report, together with a summary of the cumulative time costs to 17 October 2022. We have also attached our charging policy.

7 Exit route

We intend to move the Company from administration to CVL, as provided for in our Proposals, in order to deal with the matters outstanding from the administration, which include:

- The transfer of the administration surplus to the CVL;
- Continuing with the Court directions applications (Section 5 – Other matters);
- Arranging the relevant distributions to creditors (Section 4 – Outcome for creditors) once all remaining assets have been realised and the associated costs have been paid;
- Payment of outstanding and ongoing expenses;
- Finalising and submitting outstanding VAT and tax returns; and
- Seeking necessary clearances prior to closure.

We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to move the Company into CVL.

We will cease to act as Joint Administrators when these documents are registered by the Registrar of Companies and on the same date will be discharged from liability in respect of any actions of ours as Joint Administrators. From that date, the Company will move into CVL and we will become liquidators.

Funds to transfer to CVL

After the realisation of assets and payment of associated costs, net realisations of approximately £1.4m are remaining following the conclusion of the Company's administration, representing the administration surplus.

The administration surplus will be transferred to an account under the control of the Joint Liquidators once the Company has been placed into CVL.

Appendix 1 – Statutory information

Company information

Company name	Neon Reef Limited
Date of incorporation	18 July 2017
Company registration number	10871657
Present registered office	Suite 3, Regency House, 91 Western Road, Brighton, BN1 2NW

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Courts, Companies and Insolvency List (ChD) (CR-2021-002188)
Appointor	The Directors
Date of appointment	24 November 2021
Joint Administrators	Rob Croxen, Paul Berkovi and Mark Firmin
Joint Administrators' contact details:	Address: Suite 3, Regency House, 91 Western Road, Brighton BN1 2NW Email: INS-NEONRL@alvarezandmarsal.com
Functions	The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	23 November 2022
Proposed Joint Liquidators	Rob Croxen, Paul Berkovi and Mark Firmin

Appendix 2 – Summary of our proposals

Summary of proposals

Our Proposals were delivered to the Company's creditors on 10 January 2022 and were subsequently approved by deemed consent on 26 January 2022.

Strategy and asset realisations

As detailed in our proposals, the primary objective of our administration was to achieve a better result for creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

To achieve this, we negotiated a sale of both the Company's customer debtor book and the company's database to British Gas. This also allowed us to maintain the operational platforms to allow for the smooth transition of the Company's former customers to British Gas. This would not have been possible in liquidation.

Dividend prospects

In our Proposals we stated that asset realisations would be sufficient to repay the preferential creditors in full. In addition, we anticipated that asset realisations would be sufficient to enable a distribution to be made to the unsecured creditors.

As detailed in Section 4 of this report, the ordinary preferential creditors have been paid in full and any distributions made to the secondary preferential creditor and unsecured creditors will now take place in the CVL.

Remuneration

The Company's creditors' provided approval for our remuneration to be drawn on the basis of time properly given by us and the various grades of our staff in accordance with our fees estimate.

Refer to Section 6 of this report for further information in relation to our fees and disbursements.

Ending the administration

At the time of the Proposals, all exit routes were retained as options. As detailed in Section 7 above, the chosen exit route is CVL. This will allow us to deal with matters outstanding from the administration and make distributions to the Company's unsecured creditors, in addition to the Company's secondary preferential creditor, in the most cost-effective manner possible.

The work that will be undertaken in the CVL is detailed in Section 7 of this report.

Appendix 3 – Receipts and payments account

Neon Reef Limited (In Administration) Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 24/05/2022 To 17/10/2022 £	From 24/11/2021 To 17/10/2022 £
	ASSET REALISATIONS	
NIL	Intangible assets	NIL
NIL	Database Sale	125,000.00
1,602,019.80	Book Debts	1,020,211.49
61,397.32	VAT Refund (pre-appointment)	32,368.01
1,522,538.01	Cash at Bank	1,821,098.75
	Contributions	7,731.34
		<u>3,006,409.59</u>
	OTHER REALISATIONS	
NIL	Bank Interest	6.90
	Prepayments	NIL
	Sundry Refunds	1,371.39
415,772.81	Third Party Monies Received in Error	875,060.84
	Cash in transit	NIL
73,315.54	Refund of Pension Contribution	274.57
114,518.78	Industry prepayments	NIL
	Merchants deposits	114,518.78
		<u>951,232.48</u>
	COST OF REALISATIONS	
	Repayment of Third Party Monies Rec'	874,174.17
	Suppliers	5,622.00
	Specific Bond	NIL
	Administrators' Fees	
	Pre-administration Fees	104,113.00
	Post-appointment Administrators' Fees	1,300,533.65
	Administrators' Disbursements	
	Pre-administration Disbursements	150.40
	Post-appointment Administrators' Disb	1,087.73
	Contractor Costs	
	Post-appointment Contractor Costs	2,495.00
	Agents/Valuers Fees/Disbursements	
	Post-appointment Agents/Valuers Fees	1,400.00
	Legal Fees/Disbursements	
	Pre-administration Legal Fees	24,524.50
	Post-appointment Legal Fees	74,338.73
	Post-appointment Legal Disburseme	8,027.17
	Insurance of Assets	280.00
	Wages & Salaries	83,123.09
	Bank Charges	64.70
		<u>(2,598,437.32)</u>
	PREFERENTIAL CREDITORS	
(66,243.00)	HMRC PAYE	NIL
	RPS - Arrears & Holiday Pay	3,818.53
(14,530.63)	Employee Arrears/Hol Pay	10,712.10
		<u>(14,530.63)</u>
	UNSECURED CREDITORS	
(8,967,992.96)	Trade & Expense Creditors	NIL
(147,741.73)	Employees	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(20.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>(5,406,566.06)</u>		<u>666,762.17</u>
	REPRESENTED BY	<u>1,384,674.12</u>
	Floating VAT Receivable	327,888.58
	Floating Charge Current	1,083,306.06
	Dividend Account	25.75
	Floating VAT Payable	(26,546.27)
		<u>1,384,674.12</u>

Notes:

- Funds are held in interest-bearing accounts.
- Net realisations of approximately £1.4m will remain at the conclusion of the administration. This amount will be transferred to an account under the control of the Joint Liquidators once the Company has been placed into CVL.

Appendix 4 – Schedule of expenses

A4.1 Schedule of expenses

Schedule of expenses for the period from 24 May 2022 to 17 October 2022

Category	Incurred 24 May 2022 to 17 October 2022
Bank charges	6
Contractor costs	495
Insurance of assets	300
Legal fees	9,226
Legal disbursements	11,208
Suppliers	5,622
Total	26,857

The Joint Administrators have not exceeded the total expense estimate of £416,658 over the course of the administration. We have, however, exceeded the expense estimate for legal disbursements and supplier costs.

Legal disbursement expenses

A total of £17,964 of legal disbursements has been incurred. This exceeds our estimate of £500 for the administration. This is as result of additional expenses from the Court directions Application (Section 5 – Other matters).

Suppliers

A total of £123,019 supplier costs has been incurred. This exceeds our estimate of £110,000 for the administration. This is as a result of additional expenses for systems costs in the production of final bills. This process took longer than anticipated.

A4.2 Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Ruth Turner at INS-NEONRL@alvarezandmarsal.com.

Appendix 5 – Charging policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and investigations by A&M in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£/hour) for: Restructuring		
	From 22 March 2022 – 27 March 2022	From 28 March – 17 October 2022
Grade		
Managing Director	985	1,150
Senior Director	935	1,030
Director	865	950
Associate Director	690	760
Senior Associate	595	655
Associate	450	495
Analyst	255	280
Support	190	210

A copy of “Administration: A Guide for Creditors on Insolvency Practitioner Fees” from SIP 9 produced by the Association of Business Recovery Professionals is available via the Portal.

If you are unable to access this guide and would like a copy, please email INS-NEONRL@alvarezandmarsal.com.

Policy for the recovery of disbursements

Where funds permit, the officeholders will seek to recover disbursements falling into both category 1 and category 2 expenses from the estate. For the avoidance of doubt, such disbursements are defined within SIP 9 as payments which are first met by the office holder, and then reimbursed to the office holder from the estate. These are divided in SIP 9 as follows:

- *Disbursements within category 1 expenses:* These are payments which do not have any element of shared costs and are made to persons who are not an associate of

the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

- *Disbursements within category 2 expenses:* These are payments to associates or which have an element of shared costs. These may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Disbursements within category 2 expenses charged by A&M include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

We have the authority to pay disbursements falling within category 1 expenses without the need for any prior approval from the creditors of the Company.

Disbursements falling within category 2 expenses have been approved in the same manner as our remuneration.

Disbursements falling within category 1 expenses:

Nature of disbursement	Amounts incurred in the period (£)	Amounts paid in the period (£)
Call centre costs	183.49	183.49
Postage	23.42	23.42
Total	206.91	206.91

Disbursements falling within category 2 expenses:

No disbursements falling within category 2 expenses have been incurred or paid during the period.

Our time cost summary in accordance with SIP 9

Please refer to the tables below for a detailed breakdown and narrative of our time costs to 17 October 2022 in accordance with SIP 9.

Neon Reef Limited in administration

Time costs for the period 24 May 2022 to 17 October 2022

Classification of work function	Total hours	Total time cost (£)	Average hourly rate (£)
Engagement control	22.0	12,357	562
Appointment and risk	0.7	667	953
Reports, decision making and remuneration	66.6	48,279	725
Correspondence and statutory filing	74.3	27,444	369
Investigations	0.4	112	280
Asset realisations	23.7	17,996	759
Costs of realisation	5.1	3,589	704
Tax	60.0	44,031	734
Cashiering	19.9	11,311	568
Employees and pensions	4.8	2,247	468
Claims and distributions	54.6	48,580	890
Exit routes and closure	5.3	5,040	951
Total	337.4	221,652	657
Brought forward time (24 November 2022 to 23 May 2022)	1,766.4	1,109,138	628
Carried forward time (24 November 2022 to 17 October 2022)	2,103.7	1,330,790	633

Our hourly time costs incurred brought forward from the previous reporting period have been adjusted by 24.75 hours. Our time costs incurred brought forward has been adjusted by £16,263.

SIP 9 narrative for the period from 24 May 2022 to 17 October 2022

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Engagement control	<ul style="list-style-type: none"> Formulating, monitoring and reviewing the administration strategy Briefing our staff on the administration strategy and matters in relation to various work-streams Regular case management and reviewing of process, including regular team update meetings and calls Reviewing and authorising junior staff correspondence and other work Dealing with queries arising during the appointment Reviewing matters affecting the outcome of the administration Allocating and managing staff/case resourcing and budgeting exercises and reviews Complying with internal filing and information recording practices, including documenting strategy decisions 	<p>To ensure appropriate oversight, decision making and control of the administration.</p> <p>This will help to progress the case efficiently, maximising asset realisations and minimising costs.</p>	Maximising asset realisations and minimising costs may increase the amount available for distribution to creditors.
Appointment & risk	<ul style="list-style-type: none"> Arranging ongoing insurance cover for the Company's business and assets Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place Assessing the level of insurance premiums Liaising with our legal advisors and GDPR and data specialists to ensure an appropriate control environment is operated by the Company including the implementation of any improvements required 	<p>To protect Company assets.</p> <p>To comply with our statutory duties.</p>	Protecting Company assets may preserve their value and preserve the amount available for distribution to creditors.
Reports, decision making & remuneration	<ul style="list-style-type: none"> Ensuring compliance with all statutory obligations within the relevant timescales Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 Finalising first progress report 	To comply with statutory duties.	No direct financial benefit.
Correspondence & statutory filing	<ul style="list-style-type: none"> Uploading information to the Portal Dealing with a high level of creditor queries Liaising with regulatory bodies to provide regular updates on the progress of the administration 	<p>To comply with statutory duties.</p> <p>To keep creditors apprised of the strategy and progress of the administration.</p>	No direct financial benefit.

SIP 9 narrative for the period from 24 May 2022 to 17 October 2022

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
	<ul style="list-style-type: none"> Dealing with customer queries ensuring they are directed to the appropriate customer service team or to SoLR Dealing with other stakeholder queries 		
Investigations	<ul style="list-style-type: none"> Locating relevant Company books and records, arranging for their collection, review and ongoing storage 	To comply with statutory duties.	Maximising asset realisations may increase the dividend prospects for creditors.
Asset realisations	<ul style="list-style-type: none"> Collating information from the Company's records regarding assets Dealing with the Company's pre-appointment bank accounts. Reconciling funds held with third parties and distributing any third party funds held. 		
Costs of realisation	<ul style="list-style-type: none"> Liaising with third parties regarding costs incurred Reviewing costs incurred to ensure recorded accurately Arranging payment of the costs in a timely manner as and when funds allow 	<p>To settle the costs of third parties who have facilitated the realisation of Company assets.</p> <p>To minimise the costs and liabilities of the administration.</p>	Maximising asset realisations and minimising costs may increase the amount available for distribution to creditors.
Tax	<ul style="list-style-type: none"> Reviewing the Company's pre-appointment corporation tax and VAT position Communicating and corresponding with HMRC Working initially on tax returns relating to the periods affected by the administration Analysing VAT related transactions Dealing with post appointment tax compliance 	To comply with statutory requirements and ensure mitigation of the tax liabilities/expenses of the administration.	Minimising the costs/liabilities of the administration may increase the dividend prospects for creditors.
Cashiering	<ul style="list-style-type: none"> Preparing and processing vouchers for the payment of post-appointment invoices Creating remittances and sending payments to settle post-appointment invoices Preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employees' banks Reviewing and processing employee expense requests Reconciling post-appointment bank accounts to internal systems 	<p>To comply with statutory requirements.</p> <p>To effectively manage funds.</p> <p>To receive asset realisations.</p> <p>To discharge the costs of the liquidation.</p>	<p>The management of funds may increase the amount of bank interest available.</p> <p>Increased asset realisations may increase the amount available for distribution to creditors.</p>

SIP 9 narrative for the period from 24 May 2022 to 17 October 2022

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Employees & pensions	<ul style="list-style-type: none"> Ensuring compliance with appropriate risk management procedures in respect of receipts and payments 		
	<ul style="list-style-type: none"> Dealing with queries from employees regarding various matters relating to the administration and their employment Administering the Company's payroll, including associated taxation and other deductions and preparing PAYE and NIC returns Communicating and corresponding with HM Revenue and Customs ("HMRC") Dealing with issues arising from the employee redundancies, including statutory notifications and liaising with the Redundancy Payments Service Managing claims from employees Ensuring security of assets held by employees Calculating employee pension contributions and review of pre-appointment unpaid contributions Ensuring compliance with our duties to issue statutory reports 	<p>To comply with statutory requirements.</p> <p>To provide effective and informative communication to employees.</p> <p>To ensure claims from employees are accurate.</p>	<p>Assistance to employees will enable them to recover the maximum amount available to them.</p>
Claims & distributions	<ul style="list-style-type: none"> Reviewing and updating the list of unsecured creditors Reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records Responding to creditors regarding queries about the administration and their claims Liaising with Clumber to agree preferential creditor claims Payment of ordinary preferential dividend Applying to Court for directions in relation to certain creditor claims 	<p>To comply with statutory requirements.</p> <p>To minimise claims where appropriate.</p> <p>To ensure creditors claim for the correct amount due to them.</p>	<p>Ensuring creditor records are maintained, updated where necessary and claims are agreed at the correct value for voting purposes and, where appropriate, funds are accurately distributed to the relevant creditors.</p>
Exit routes & closure	<ul style="list-style-type: none"> Dealing with all closure related formalities Preparing for move to CVL 	<p>To comply with statutory requirements.</p>	<p>No direct financial benefit.</p>

Appendix 6 – Glossary

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 respectively.

Defined Terms	Definition
A&M	Alvarez & Marsal Europe LLP
British Gas	British Gas Trading Limited
Clumber	Clumber Consultancy Limited
Company	Neon Reef Limited in administration
CVL	Creditors Voluntary Liquidation
Debt Sale	Sale of the debtor book to British Gas
Directors	Benjamin Bolt, Simon Yarwood and Sarah Hayes
GDPR	General Data Protection Regulation
HMRC	HM Revenue & Customs
Joint Administrators/we/our/us	Rob Croxen, Paul Berkovi and Mark Firmin
Ofgem	Office of Gas and Electricity Markets
Proposed Joint Liquidators	Rob Croxen, Paul Berkovi and Mark Firmin
RPS	Redundancy Payments Services
SIPs	Statements of insolvency practice
SIP 9	Payments to insolvency office holders and their associates from an estate
SoLR	Supplier of Last Resort

Appendix 7 – Notice: About this progress report

This progress report has been prepared by Rob Croxen, Paul Berkovi and Mark Firmin, the Joint Administrators of Neon Reef Limited ("the Company"), solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

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

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

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Rob Croxen, Paul Berkovi and Mark Firmin are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the administration.