

# AM22

## Notice of move from administration to creditors' voluntary liquidation



Companies House

THURSDAY



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09/01/2020

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COMPANIES HOUSE

### 1 Company details

Company number 0 7 5 1 3 3 1 9

Company name in full Economy Energy Trading Limited

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

### 2 Court details

Court name High Court of Justice, Birmingham District Registry

Court case number 8 0 0 6 2 0 1 9

### 3 Administrator's name

Full forename(s) Eddie

Surname Williams

### 4 Administrator's address

Building name/number Colmore Building

Street Colmore Circus

Post town Birmingham

County/Region

Postcode B 4 6 A T

Country

## AM22

Notice of move from administration to creditors' voluntary liquidation

<b>5</b>	<b>Administrator's name ①</b>	
Full forename(s)	Jon L	<b>① Other administrator</b> Use this section to tell us about another administrator.
Surname	Roden	
<b>6</b>	<b>Administrator's address ②</b>	
Building name/number	Colmore Building	<b>② Other administrator</b> Use this section to tell us about another administrator.
Street	Colmore Circus	
Post town	Birmingham	
County/Region		
Postcode	B 4 6 A T	
Country		
<b>7</b>	<b>Appointor/applicant's name</b>	
	Give the name of the person who made the appointment or the administration application.	
Full forename(s)	the	
Surname	directors	
<b>8</b>	<b>Proposed liquidator's name</b>	
Full forename(s)	Eddie	
Surname	Williams	
Insolvency practitioner number	9 6 6 3	
<b>9</b>	<b>Proposed liquidator's address</b>	
Building name/number	Colmore Building	
Street	Colmore Circus	
Post town	Birmingham	
County/Region		
Postcode	B 4 6 A T	
Country		

AM22

Notice of move from administration to creditors' voluntary liquidation

**10 Proposed liquidator's name<sup>①</sup>**

Full forename(s)

Jon L

Surname

Roden

Insolvency practitioner  
number

2 1 4 9 0

**① Other liquidator**Use this section to tell us about  
another liquidator.**11 Proposed liquidator's address<sup>②</sup>**

Building name/number

Colmore Building

Street

Colmore Circus

Post town

Birmingham

County/Region

Postcode

B 4 6 A T

Country

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

From date

d 1 4 m 0 1 y 2 0 y 1 9

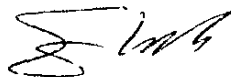
To date

d 0 7 m 0 1 y 2 0 y 2 0

**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 7 m 0 1 y 2 0 y 2 0

## 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 **Richard J Jackson**

Company name **Grant Thornton UK LLP**

Address **Colmore Building**

**Colmore Circus**

Post town **Birmingham**

County/Region

Postcode

B

4

6

A

T

Country

DX

Telephone

**0121 212 4000**



### 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

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The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

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This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

## 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. Attach this to the relevant form. ①  
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

● 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)

Stuart

Surname

Preston

### 3 Insolvency practitioner's address

Building name/number

Level 8

Street

110 Queen Street

Post town

Glasgow

County/Region

Postcode

G 1 3 B X

Country



# **Economy Energy Trading Limited - in administration (the Company)**

Recovery and Reorganisation  
Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

## **Joint administrators' final progress report**

Prepared by: Eddie Williams, Joint Administrator

Contact details: Should you wish to discuss any matters in this report, please do not hesitate to contact Richard Jackson on 0161 953 6900

# Definitions

The following definitions are used either within the body of this report, the appendices to it, or both

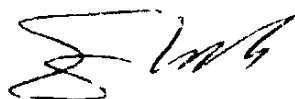
<b>AIC</b>	Allied International Credit Limited
<b>CLT</b>	Customer Liaison Team
<b>the Company</b>	Economy Energy Trading Limited – in administration
<b>Credit customers</b>	Customers with a credit meter, typically paying via direct debit
<b>CVL</b>	Creditors' Voluntary Liquidation
<b>DCA</b>	Debt Collection Agency
<b>the Firm</b>	Grant Thornton UK LLP
<b>FCA</b>	Financial Conduct Authority
<b>Gateley</b>	Gateley Plc
<b>HMRC</b>	HM Revenue & Customs
<b>HSBC</b>	HSBC Bank plc
<b>Joint administrators</b>	Eddie Williams, Jon Roden and Stuart Preston
<b>Lloyds</b>	Lloyds Banking Group
<b>Ofgem</b>	Office of Gas and Electricity Markets
<b>OVO</b>	OVO Energy
<b>PAYE</b>	Pay As You Earn tax
<b>Pre-pay customer</b>	Customer with a pre-pay meter
<b>ROCs</b>	Renewable Obligation Certificates
<b>R&amp;P</b>	Receipts and Payments account
<b>SoA</b>	Statement of Affairs
<b>SHMA</b>	Shakespeare Martineau LLP
<b>SIP</b>	Statement of Insolvency Practice
<b>SoLR</b>	Supplier of Last Resort
<b>Squires</b>	Squire Patton Boggs LLP
<b>SRO</b>	SR Outsourcing Limited
<b>TSA</b>	Transitional Service Agreement
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment)
<b>VAT</b>	Value Added Tax

## Key dates

<b>11 January 2019</b>	Company's energy licence revoked
<b>12 January 2019</b>	Customers transferred to OVO Energy Limited
<b>14 January 2019</b>	Joint administrators appointed

# 1 Executive summary

- This final progress report for the Company's administration covers the entirety of the administration.
- Our proposals were approved on 26 March 2019 by way of a decision procedure by the creditors.
- In addition to our statutory duties, the key work done in the period since the previous progress report to 13 July 2019 has been to realise the assets of the Company, principally working to reconcile customer account and collect debts. Further details of our work are provided later in this report.
- The administration will end by converting to CVL, as there will be sufficient funds to make a distribution to unsecured non-preferential creditors. The quantum and timing of any distribution is still uncertain and is mainly driven by the timing and quantum of debt collections.
- A decision of creditors is being sought within this report. Please see section 7 for further details.
- This report should be read in conjunction with the proposals and progress reports dated 7 March 2019 and 8 August 2019.



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Eddie Williams  
Former Joint Administrator

7 January 2020



## 2 An overview of the administration

### 2.1 Implementation of the proposals

The administrators' proposals were approved on 26 March 2019 by the creditors by way of a decision procedure

The duty of the joint administrators is to act in the best interests of the creditors as a whole in order to achieve the purpose of the administration, which was to achieve one of the three objectives set out in the insolvency legislation:

- Rescuing the company as a going concern; or
- Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, it was not possible to achieve a rescue of the Company as a going concern. The SoLR process took place prior to the administration, which transferred the customers and all on-going energy supplies to another energy supplier. The Company's energy licence was revoked therefore there was no on-going trade at the point of administration.

Accordingly, as set out in the statement of proposals, the joint administrators have pursued the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up. The third objective will also be achieved as there are sufficient realisations to pay a preferential dividend.

There were no major amendments to or deviations from the joint administrators' statement of proposals

### 2.2 Extension of the administration

The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of appointment.

In certain circumstances it is necessary to extend the administrators' term in office in order to achieve the objective of the administration

No such extension to the administration was necessary in this case

## 3 Progress to conclusion

### 3.1 Strategy and progress from last report

As previously reported, the Company's main asset other than cash at bank is the debtor book. Therefore, the administration strategy and progress since the last report has been focused on finalising customer accounts and maximising debtor collections.

Completing the final billing process and implementing an efficient debt collection strategy enables the statutory purpose of the administration to be achieved and is the best available outcome for creditors as a whole in these circumstances. The joint administrators do not believe that asset realisations and potential returns to creditors would have been maximised should the Company have entered liquidation immediately.

Further details on the conduct of the administration are provided below.

### 3.2 Wind down and final billing (R&P Trading account at appendix A)

#### **Initial strategy following appointment**

The joint administrators occupied the Company's Friars House site from the date of appointment to the 4 September 2019 to execute the administration strategy, and the Company's Abbey Park site from the date of appointment to 24 May 2019 to assist OVO with the transfer of prepayment customers. The decision to continue to occupy the Friars House site was made as part of the joint administrators' strategy was to maximise realisations by completing the final billing process to support the collection of book debts. Final bills also had to be prepared for customers who will be in a credit position.

As set out in previous reports, the joint administrators initially retained the entire workforce immediately following appointment to support the transfer of customers to the SoLR, enable various Company financial and industry information to be brought up to date and allow an assessment of the on-going staffing requirements to support the administration.

The joint administrators decided that the most appropriate strategy was to retain a number of the Company's staff to finalise customer accounts and issue final bills to customers.

We have also worked with OVO to discuss and assist with the orderly transition of customer accounts and to develop a process to provide the necessary information to enable OVO to honour customers' credit balances. OVO committed to do this as part of their agreement with Ofgem in relation to the SoLR transfer.

#### **Trading costs**

The R&P is currently showing a trading loss of c.£1.7million which will ultimately be offset against the debtor collection proceeds. These costs were incurred in relation to the asset realisation process and have been recorded in the R&P as trading costs.

The joint administrators advised in the proposals that there was significant value in the Company's unbilled debt, relating to amounts owed by customers but not yet billed. The trading costs incurred have been necessary in order to agree customers' final account positions which has allowed us to commence the debt collection process and provide an accurate credit position, which is essential to understanding any subsequent claim in the insolvency.

Without a successor business (as OVO transferred the customers but not the business and infrastructure as part of the SoLR bid), it was clear that the joint administrators needed to produce final bills for all customers to support the customer base and act in line with regulator expectations.

At appointment, the Company estimated that there were c.120,000 accounts to be final billed. It was therefore fundamental to maintain an element of the infrastructure including staff, IT and premises to properly and efficiently deal with customer accounts. Monthly costs to the administration in the period from the date of appointment to exiting site on 4 September were c £200k and the joint administrators attempted to reduce costs where possible, but costs were predominantly driven by the level of IT infrastructure and staff costs

#### **Strategy post site exit**

On 4 September 2019, the joint administrators exited Friars House and all employees were either made redundant or transferred to a new employer under TUPE regulations. Further information can be found in the next section of the report

Since the date of our last report the joint administrators have engaged SRO to complete the final billing process together with continuing to collect customer debts on behalf of the Company. SRO was set up by a former employee of Economy Energy and the team employed are former Economy Energy call centre agents with knowledge of the sector and the Company's customer base

The joint administrators are still incurring certain IT costs for IT infrastructure that is required for SRO to access appropriate data in order to continue the final billing process. The costs to the administration for IT infrastructure have been reduced to c£40k per month.

Without incurring these costs, we would have been unable to crystallise any recoverable debtor balance and finalise customer accounts which would have resulted in substantially lower levels of recoveries to the estate and a more difficult position for customers of the Company and the SoLR.

The strategy for final billing and collections is discussed in detail below

### **3.3 Realisation of assets**

#### **Customer debtors**

##### *Final billing*

The most significant asset of the Company was the debtor book at appointment. The directors' Statement of Affairs shows a customer debtor balance of c £38.5million. A large proportion of this balance was made up of unbilled estimates where final bills were yet to be generated and therefore energy consumption had to be estimated.

As discussed in our previous progress report, due to the ongoing customer reconciliation and final billing process, the unbilled estimates included in the SoA reduced the opening debt balance of £38.5million to approximately £23.5million. Further information on this reduction is provided in our progress report dated 13 July 2019.

In summary however, to ensure a consistent approach to opening and closing reads for the billing process, the joint administrators and OVO agreed that customers' meter reads should be estimated in line with agreed industry standards. This has caused a large proportion of estimated debit balances to become credit balances.

As the final billing process continues to progress, we anticipate a further reduction to the estimated opening debt balance. At the date of this report we estimate the final debtor position is approximately £20million. It is important to note however that final debtor balances will only be established once the final billing process has been completed.

The Company historically experienced extensive challenges with its billing system including obtaining accurate meter read data which has led to adjustments to debit and credit balances through using industry data. The focus of the joint administrators has been on resolving existing and additional issues based on the Company's information to ensure bills released to customers are as accurate as possible. Without completing the billing process, we would be unable to complete or finalise the collection process or allow accurate credit data to be passed to OVO, who in turn refund individual customers.

The process of reconciling customer accounts and issuing final bills has continued to involve a considerable amount of investigation, analysis of changing data and validating information. Despite the significant challenges faced, the joint administrators have sent 94,743 final bills to customers to date. Of these bills 38,602 are debit balances totalling £12.1million. The remaining 56,141 customer final bills show credit balances which have been passed to OVO.

It is estimated that there are c 16,000 bills still to be raised with a debit or credit balance. A large proportion of these accounts are anticipated to have complexities or missing data beyond the capability of the billing system. Furthermore, the joint administrators are adhering to Ofgem back billing rules which will be considered when finalising these accounts. We are analysing the position in more detail to inform next steps.

We expect final billing to be completed shortly after this report has been distributed to creditors. An update on the final billing position will be provided to creditors in the liquidation progress report in 12 months.

	Final bills sent	Estimated final bills remaining
Debtors	38,602	9,000
Creditors	56,141	7,000
<b>Total</b>	<b>94,743</b>	<b>16,000</b>

#### *Debtor collections*

Since we last reported, we have actively made contact with customers who have outstanding debts due to the Company relating to unpaid final bills to recover the amounts due. The process has involved following the communication plan that was set out in our previous report and engaging with two parties who are implementing the collections strategy.

The communication plan has allowed the joint administrators to be transparent with customers about the administration process and manage queries in an efficient and orderly manner, against the backdrop of the administration process that has inherent challenges and limitations.

Our communication strategy has been as follows.

- T0 – initial contact with the customer to provide a brief update on the administration, c.120,000 customers have now received this communication
- T1 – second communication to customers providing their final bill. This communication has been staggered to avoid volumes of customer calls and queries in excess of capacity to deal with and is on-going as more final bills are produced
- T2 – Chaser to debt customers approximately seven days after they have received a T1 communication if the customer has not made contact regarding their bill or paid the outstanding balance. T2 communications are on-going based on the number of debt T1s that remain unpaid or not queried
- T3 – This is the final chaser to customers encouraging payment or query before their account is passed to a third party debt collection agent
- T4-T6 – Communication sent by AIC (the DCA engaged to assist with debtor collections)
- T6 onwards will involve potential legal action

#### Strategy

On appointment, following discussion with Company management and staff and our understanding of the process, the strategy was to final bill customers and monitor progress before embarking on the debt collection process.

As the final billing strategy evolved, the joint administrators commenced discussions with various outsourcing providers and DCAs in March 2019 to begin developing a longer term strategy for debtor collections. By June 2019 proposals and costing estimates for phase two of the joint administrators' strategy had been received from five different parties all with knowledge and experience of the sector or of restructuring environments.

All proposals were considered in detail by the joint administrators alongside the option to continue to collect debts under the management of the joint administrators. A detailed cost analysis was carried out by the joint administrators to ensure we were able to maximise the collections whilst minimising costs and ensuring an efficient methodology to benefit customers and the Company's creditors.

The joint administrators decided that the second phase of debtor collections would be split between parties as this approach represented a potential saving of c.£1million when compared to continuing to collect debts under the management of the joint administrators. More details on the parties are provided below

### SRO

A former Economy Energy employee retained by the joint administrators put forward a high level proposal in April 2019 to setup an outsourcing company and employ a team made up of former call centre agents employed by the Company. The outsourcing company would be responsible for completing customer final billing and executing T1, T2 and T3 communications to customers.

The joint administrators agreed contract terms with SRO at the start of August 2019. During August 2019 the joint administrators worked closely with SRO to ensure that there was a smooth transition to enable SRO to take over the final billing and debtor collections process. This included a certain level of IT infrastructure such as accounting systems, emails, customer databases and website maintenance being transferred or made available to SRO. As discussed in the previous section, c£40k per month is still being incurred to cover IT infrastructure costs

SRO took full independent control in September 2019 and will shortly complete the final billing of customers, subject to any limitations discussed earlier in the report. Together with producing final bills, SRO has continued to successfully collect customer debts and assist customers with any queries they have on their final bills.

The joint administrators continue to have weekly calls and regular meetings with SRO to discuss progress and monitor billing and collections.

### AIC

AIC is a third party debt collection agency regulated by the FCA. Discussions with AIC were initiated in April 2019. The joint administrators considered AIC's credentials and their ability to handle large volume of accounts. The joint administrators worked with AIC to ensure that the collection process maximises collections whilst enabling AIC to work closely with SRO to resolve any queries that customers have on their bills. The joint administrators exchanged contracts with AIC in August 2019.

AIC has been contacting customers directly to collect debts not paid despite communication from the joint administrators or SRO and manage the delivery of T4 communications onwards. To date AIC has contacted c.23,000 customers via email, post or text.

AIC was initially engaged for a period of six months. The joint administrators expect the contract to be extended for a short period following the end of six months to continue collections. The joint administrators receive daily reports from AIC and have bi-weekly calls to discuss the progress of collections and any shifts in strategy to maximise collections

### SHMA

SHMA is a law firm that has an established and respected debt collection team

Where customers do not pay as a result of this current communication plan, debts will be allocated to SHMA to commence legal action to recover the amounts due. A contract between the joint administrators and SHMA is currently being negotiated and is expected to be signed shortly after this report has been sent to creditors. We anticipate legal action to commence in early 2020 where there are unpaid balances where appropriate. The joint administrators will work closely with SHMA and any legal action commenced will be in line with a cost/benefit analysis. We are only seeking to recover debts that we believe are validly owed to the Company

### Collections

To date, debtor collections total c.£1.5million. The R&P at appendix A shows collections of £1.4million which represents a timing difference in receiving and allocating funds to the ledgers.

Included in the opening ledger are debtors who received final bills prior to the SoLR process. Since we last reported we have engaged AIC to contact these customers. The final level of debtor collections is uncertain.

### Cash at bank

As previously reported, the Company banked with HSBC and Lloyds.

At the date of administration, the Company had cash at bank of £7.6million in its HSBC bank accounts. This amount has now been received into the administration account, with the exception of £100,000 that has been left in the account to cover potential direct debit indemnity exposure. There may therefore be further sums into the estate.

The Lloyds account held £0.3million at the date of administration. This has been received into the administration account.

### Suspense account – Monies awaiting reconciliation

As part of the SoLR process, it was agreed with OVO and Ofgem that the joint administrators would continue to collect direct debits into the pre-appointment bank account until OVO were in a position to redirect these payments. On 18 March 2019, OVO redirected customer direct debits to OVO bank accounts following completion of the direct debit transfer process.

From the date of appointment to 18 March 2019, £8.4million of direct debits were collected and are held in a suspense account until allocated.

Based on the Company's current estimated position of customer accounts, a portion is likely to be allocated against customer debts owed to the Company and will therefore be an asset of the administration. The remainder is expected to be allocated against accounts in credit and will be transferred to OVO to form part of the credit refunds. These amounts are estimates and therefore subject to change. The actual split will not be known until all accounts have been finalised and reconciled.

Where payment of the direct debit has resulted in the creation of or increase in a customer credit balance (once the account has been final billed), the joint administrators will transfer the direct debit amount, or any excess credit amounts received post appointment to OVO. This will form part of the credit balance refunds which OVO are honouring as part of the SoLR process.

All direct debit receipts into the pre-appointment bank accounts have now been transferred to the joint administrators and allocated to the suspense account pending final billing and customer account reconciliations.

The joint administrators have transferred £3.7million to OVO as payment for direct debit receipts allocated against accounts in a credit position where OVO has provided evidence of cash paid out to these customers, leaving a balance in suspense of £4.7million.

### Monies due to OVO (Asset realisation)

After the SoLR process was completed, c £6million was received from pre-payment meter top ups. These amounts related to supply post SoLR. These funds have been transferred to OVO and are shown in the R&P as an asset realisation (the funds being received into the administration estate) and a cost of realisation (monies being paid to OVO).

#### Prepayment top ups

Date	Description	Amount £000
Feb-19	Global Pay post appointment prepayment top ups	1,119
Apr-19	Global Pay post appointment prepayment top ups	1,665
Dec-19	Global Pay post appointment prepayment top ups	3,276
<b>Total</b>		<b>6,060</b>

In addition, £3.7million in relation to direct debits received post administration from credit customers has been sent to OVO as set out below.

### Direct debit receipts

Date	Description	Amount £000
Mar-19	Direct debit receipts - customers in a credit position refunded by OVO	1,540
Aug-19	Direct debit receipts - customers in a credit position refunded by OVO	1,285
Dec-19	Direct debit receipts - customers in a credit position refunded by OVO	934
<b>Total</b>		<b>3,759</b>

A total of £9.8million has been paid to OVO in total. Significant reconciliation work is required to ensure that all direct debit receipts are allocated correctly between the estate and OVO and this is a function of all accounts being finalised.

### Customer top up receipts

At the date of administration customer top up receipts totalling £2.4million were being held by third parties. These were pre-pay customer top ups made prior to appointment.

The joint administrators entered into discussions with these third parties to ensure all monies were identified and remitted to the administration estate.

In our previous report we stated that customer top ups totalling £5.7million had been collected and received into the administration bank account as an asset in the administration. However, upon further investigation it has been established that £3.3million relates to post appointment customer top ups and has therefore been paid to OVO as discussed above.

### Security deposits

As set out in our previous report, the Company sourced energy supply and infrastructure services from a wide industry supplier network. Industry suppliers request deposits/credit cover to supply the service to the Company.

The directors' statement of affairs split these amounts into security deposits and debtors – industry and shows that there was c.£1million lodged with these suppliers. The joint administrators have been liaising with these suppliers to substantiate the value of any credit cover that should be repaid to the Company. The majority of this has been offset by these parties against amounts owing.

To date c£484k has been paid over to the administration estate and we do not expect any further realisations.

### Leasehold property

On appointment, the Company operated from two leasehold office premises. The headquarters based at Friars House, Manor House Drive, Coventry and the contact centre at Abbey Park, Stoneleigh.

The joint administrators have handed both sites back to the landlord, Abbey Park on 24 May 2019 and Friars House on 4 September 2019.

### IT Equipment and Plant and Machinery

The Company's IT equipment, furniture and other office equipment have been independently valued by European Valuations and the initial view was that the equipment was of limited value.

The joint administrators have realised £8,000 for IT equipment and £3,235 for office furniture from the Abbey Park and Friars House site. Funds have been received into the administration estate.

### Rates refund

The Company has received business rates refunds totalling £13,647 from Coventry City Council and Warwick District Council.

### Unallocated customer receipts

Unallocated customer receipts relate to customers who have made a payment to the administration bank account but no reference has been provided to allocate to an individual's account.

We do not anticipate a large amount of these receipts, and the joint administrators have taken the decision to refund the amounts to customers using the bank details from the direct receipt

#### **Miscellaneous receipts**

Miscellaneous receipts relate to repayments of salary overpayments made by former employees prior to our appointment. We do not anticipate any further repayments. Other smaller receipts have also been allocated to this account until we can identify and allocate as appropriate.

#### **Bank interest**

Since the date of administration, the joint administrators have accrued c £48k of bank interest.

## 3.4 Other matters

#### **Customers**

Prior to our appointment, the Company was required to comply with the Energy Act 2004 under its licence for the supply of energy. This meant that administrators could not be appointed to the Company until Ofgem had made arrangements to transfer customers to a SoLR. Ofgem withdrew the Company's energy licence, and once the SoLR process was completed, all Economy Energy customers transferred to OVO with effect from 12 January 2019 and the Company was placed into administration on 14 January 2019.

As discussed previously in this report, since our appointment we have been reconciling all customer accounts in order to produce final bills. Due to the high volume of former customers together with inherent and complex issues within the Company's billing system and the need to verify certain information with OVO, this is taking a number of months to complete. We appreciate that the delays have been frustrating to customers and we have been focused on making this complex process as efficient as possible whilst maintaining appropriate levels of customer service as per Ofgem's expectations.

We have had a significant volume of customer calls, emails, letters and website enquires, not only from customers with outstanding debt balances but also from those expecting credit balance refunds. The joint administrators are working hard to deal with this volume of queries and a significant amount of time and resource is spent investigating and responding to these customers.

#### **Litigation**

At the date of administration, the Company was subject to five on-going litigation matters of various sizes brought against it by various parties.

The joint administrators have been working to gather information around these matters and have been in active dialogue with these parties.

The nature of these litigation claims are complex and include parties in addition to the Company. They are not discussed in detail as part of this report albeit one has ended as a consequence of the administration and two have resulted in settlements that will be unsecured claims in the administration. The position on the other matters have moved forward positively for the overall outcome of the administration.

The joint administrators have engaged Gateley to provide advice on the joint administrators' approach to defend or engage in the various litigation matters. The overall approach is to reduce creditor claims where it is possible, in the context of minimising the impact on other unsecured creditors.

#### **VAT position/Tax**

##### *Pre-appointment tax point*

The joint administrators have been in detailed discussions with HMRC regarding the applicable VAT treatment of the provision of energy services and the associated tax point of supply. HMRC has now confirmed that whilst typically the point of supply would be the receipt of cash from a customer, given



the loss of an energy supply licence by the Company prior to administration, the tax point must have fallen into the pre-appointment period.

As such, VAT payable at 5% on debtor realisations will not represent a cost of the administration. This will represent a saving to the administration estate of, the quantum and timing of this saving is driven by the debtor collections. Amounts will rank as an unsecured claim in the administration estate

#### *VAT accounting for credit notes*

There have been recent changes to the VAT legislation that will have an impact on how VAT is accounted for in relation to credit notes. A significant amount of credits have been issued on customer accounts post appointment as discussed previously in this report due to consumption adjustments. To the extent that these adjustments represent a credit for VAT purposes, an adjustment to the VAT position of the Company may be required, potentially post appointment. The position is currently uncertain, the joint administrators are working closely with VAT specialists to conclude this matter

#### **Employees**

As discussed previously in this report, the joint administrators retained the workforce of 204 employees immediately following appointment

#### *Head office employees*

The decision was made at the end of the first week of the administration to retain only the departments that would assist with final billing, which included the IT and billing departments, as well as a number of head office functions such as finance and HR. A total of 36 employees were retained at the Company's head office to carry out these activities.

#### *Contact centre employees*

A total of 101 staff were retained at the contact centre to support OVO for a three month period in order to transition customers from the Company to OVO. The costs of this will be met by OVO

By retaining these employees for OVO, the joint administrators were able to form a Customer Liaison Team in April 2019 made up of employees from the contact centre. The team was formed to support the joint administrators in collecting customer debts and assisting customers with any queries they have about their bills.

#### *Redundancies*

Due to certain functions no longer being required, such as sales and commercial teams, it was necessary to make 49 staff redundant at the end of the first week of the administration. There were 18 employees who resigned from the Company between the date of administration and the date the first redundancies were made.

There were no arrears of wages and all employees were paid up to the administration, prior to our appointment.

It was necessary to make a further 17 employees redundant on 3 April 2019. There were no arrears of wages.

On 2 August 2019, 19 employees transferred to SRO pursuant to TUPE regulations. All remaining employees were made redundant during August 2019 as they did not fall within the business transfer.

#### **OVO**

On appointment the joint administrators engaged with OVO to assist with the transition of customers from the Company to OVO.

It was agreed that a Transitional Service Agreement would be put in place between the Company, the joint administrators and OVO. The TSA covers the customer service and financial element of transitioning customers to OVO. The following points, amongst other items, are covered in the TSA

- The Company would retain staff at Abbey Park, to operate the contact centre on behalf of OVO to support initial customer queries following the SoLR transfer, with staff salary costs together with office and IT costs being recharged to OVO. In addition the joint administrator's supervision costs incurred for managing the operations at Abbey Park would be recharged to OVO, to ensure the

creditors of the Company would not incur the costs for continued operation of the contact centre

- The process for reconciling cash received from customers by one party that should be remitted to the other

Following the conclusion of the transition period, the agreement between OVO and the joint administrators ended on 3 April 2019. The joint administrators have invoiced OVO for the costs of employees from the date of appointment and a final invoice for other outstanding costs will also be produced and this will be dealt with as part of the final reconciliation of monies with OVO.

During the administration period the joint administrators have continued to assist OVO with the following.

- Final billing of credit customers
- Weekly calls to discuss the evolving credit position
- Reconciliation of direct debit payments allocated against accounts in a credit position
- Credit customer enquiries
- General updates on the progress of the administration

## 4 Creditors

### 4.1 Secured creditors

The Company has granted a debenture dated 15 June 2015, including fixed and floating charge over all assets in favour of HSBC. According to the Company's books and records, HSBC had no indebtedness at the date of appointment.

HSBC has continued to honour direct debt indemnity claims from customers during the administration period. As a result of HSBC's floating charge over the assets of the Company these payments are treated as a floating charge distribution in the R&P. A distribution of c£577k has been made to date.

The joint administrators have obtained validity of security advice from Squire Patton Boggs LLP which confirmed that security is valid.

### 4.2 Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, up to certain statutory limits and employee contribution to occupational pension schemes. A significant element of these claims has been subrogated to the Secretary of State, following part-payment of these claims by the Redundancy Payments Service.

The only preferential claims that the joint administrators are aware of is for holiday pay due at the date of the administration and for unpaid pension contributions from the December payroll and pre appointment portion of the January payroll, totalling £6,334.

The joint administrators have submitted a claim for these unpaid pension contributions to the RPO.

The Company's holiday year ran from January to December, including some element of carried forward holiday balances it is estimated that unpaid holiday at the date of the administration was £9,853.

It is anticipated that there will be sufficient realisations to enable 100 pence in the pound distribution to preferential creditors.

### 4.3 Prescribed part – unsecured creditors

In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net property and 20% of all further amounts, up to a maximum prescribed part of £600,000.

As a result of the expected level of realisations, funds available to unsecured creditors are anticipated to be in excess of the funds that would be set aside under the prescribed part provisions.

### 4.4 Non-preferential unsecured creditors

According to the directors' statement of affairs, non preferential unsecured creditors total £67.3million. These balances have not been agreed as part of a creditor proving process and are likely to change and be subject to significant and detailed review prior to being finalised. The statement of affairs position can be summarised as follows:

## Unsecured creditors

Creditor	Amount £'000
Customer accounts in credit	11,947
Employee claims	600
Trade creditors	18,005
HMRC - VAT/PAYE/NIC	550
Accruals (estimate for goods received not invoiced)	7,670
Ofgem - Feed in tariff	1,500
Ofgem - ROCs	27,064
<b>Total</b>	<b>67,336</b>

### Customer accounts in credit

The customer accounts in credit relate to both former customers and current customers who transferred to OVO under the SoLR process. As agreed with Ofgem prior to the SoLR process, OVO has agreed to honour these credit balances.

As discussed in our July progress report, during the customer reconciliation and final billing process the estimate for customer accounts in credit has increase. Current estimates suggest a total credit balance of c£20million.

We are in regular contact with OVO about the movement in this credit balance and they are aware that any liability cannot be finalised until final billing is completed

It is expected that OVO will claim in the administration for these amounts and the joint administrators will seek legal advice to assist with their position on this.

### Employee claims

Employee claims represent redundancy pay and notice pay paid by the RPO in the first instance up to certain statutory limits. It is expected that some employees will have claims above the levels received from the RPO

### Ofgem

Ofgem creditors are in respect of amounts owing for the ROCs unpaid at 31 October 2019 and the estimated outstanding liability to Feed in Tariff for the period to 11 January 2019. The latest Ofgem claim received by the joint administrators totals £28.2million. Any claim provided by Ofgem will be subject to review and appropriate legal advice.

### Litigation creditors

As discussed previously in this report, the Company was subject to a number of on-going litigation matters. The extent to which these parties are successful may result in claims against the Company which will rank as unsecured claims.

### Recovery estimation

We anticipate that there will be sufficient assets to enable a dividend to unsecured creditors. Following conversion to CVL the liquidators will commence work to agree unsecured creditors however until all claims have been received and fully adjudicated and final debtor balances are known it is difficult to estimate the level of return to creditors.

A dividend is likely to be paid in 12-18 months, but this is an estimate only and depends on the progress of factors set out in this report including the following

- Timing of collections process (including legal action)
- Quantum of collections
- Level of adjudication work required for unsecured claims

## 5 Investigations into the affairs of the company

### 5.1 Investigations

We have undertaken our statutory investigations into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the creditors' interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors.

## 6 Costs of the administration

### 6.1 Agents and advisors

The joint administrators engaged the following agents and advisors to assist in the pre-administration work:

Name	Activity	Fee basis	Costs incurred £	Disbursements incurred £	Paid to date?
Squire Patton Boggs LLP	Solicitors instructed to assist with the process of placing the Company into administration including support for the SoLR process.	Time costs	39,269	346	39,615

The joint administrators have engaged the following agents and advisors to assist in the post administration work:

Name	Activity	Fee basis	Costs incurred £	Disbursements incurred £	Paid to date?
Squire Patton Boggs LLP	Solicitors instructed to assist with various legal matters regarding the administration of the Company. Including drafting TSA, legal advice on essential suppliers, employment law and validity of security advice.	Time costs	163,058	357	163,415
Euro Valuations	Agents instructed to value plant and machinery and assist with the sale of these assets	Agreed fee	10,000	747	10,747
ERA Solutions Limited	Employments rights consultants instructed to assist with employment claims	Number of claims	6,620	200	6,820
Ashurst LLP	Advising on litigation case against the Company	Time costs	33,626	-	27,487
Gateley Plc	Advising on litigation case against the Company	Time costs	30,360	-	30,334
DWF LLP	Advising on litigation case against the Company	Time costs	12,198	-	12,198

### 6.2 Holding costs

The joint administrators have continued to incur costs in relation to the asset realisation process which are being recorded in the R&P as trading costs. See breakdown below:

Holding cost	As at 31 December 2019
Rents	76,171
Rates	33,797
Heat & Light	2,289
Telephone	14,192
IT consultancy costs	92,860
Bank charges	12,087
Repairs and Maintenance	1,575
Petty Cash	15
Property expenses	20,640
Merchant services charges	1,147
IT infrastructure costs	508,505
Agency staff	4,308
PAYE/NI	205,721

Net wages	715,819
Other payroll deductions	22,134
Sundry trading expenses	967
Employee expenses	1,710
	<b>1,713,937</b>

### 6.3 SIP9 disclosures

For information regarding payments of remuneration and expenses to us or our associates, please refer to the 'Statement of Insolvency Practice 9 disclosure' at Appendix B to this report, which covers:

- pre-appointment costs
- fee basis
- work done by us and our team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information concerning creditors' rights

Our remuneration is being charged on a time cost basis as agreed by the creditors

We have incurred time costs and expenses in the period amounting to £649,576, bringing the cumulative total at the period end to £1,841,233, of which £850,000 has been paid.

In addition to time costs incurred, we estimate an additional £349,767 in time costs to deal with the remaining matters in the liquidation as detailed in this report

This brings our total estimated fees to £2,191,000 in comparison to our fees estimate totalling £2,191,000 which was supplied to creditors when we sought approval of our fee. At this time, we do not seek to revise our fees estimate in order to be able to draw more remuneration

# 7 Outcome of the administration

## 7.1 Exit from administration

The administrators' proposals were approved on 26 March 2019 by the creditors by way of a decision procedure. As discussed in the proposals, the administration will end by moving into CVL as there are sufficient realisations to enable a dividend to be paid to the unsecured creditors, other than by virtue of the prescribed part.

## 7.2 Converting to CVL

We are sending form AM22 to the Registrar of Companies with this final progress report on the administration.

The Company will enter CVL on the date that the Registrar registers form AM22.

## 7.3 Matters still to be dealt with in Liquidation

The following matters are still to be dealt with in the liquidation:

- Continue to collect customer debts
- Reconcile the position with OVO and allocate customer receipts
- Agreeing the claims of the preferential creditors and payment of dividend
- Agreeing the claims of the unsecured creditors and payment of a dividend
- Finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any liabilities
- Complying with statutory and compliance obligations

## 7.4 Discharge from liability

We enclose a notice of deemed consent with this report in order to obtain our discharge from liability

The resolution to be considered is as follows:

'The joint administrators be discharged from liability in accordance with paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from 14 days after they send their final progress report to creditors '

## 7.5 Data Protection

Any personal information held by the Company will continue to be processed for the purposes of the liquidation of the Company and in accordance with the requirements of data protection.



## A Abstract of the administrators' receipts and payments

**Economy Energy Trading Limited  
(In Administration)  
Joint Administrators' Trading Account**

Statement of Affairs £	From 14/07/2019 To 31/12/2019 £	From 14/01/2019 To 31/12/2019 £
TRADING EXPENDITURE		
Rents	30,472.62	76,170.84
Rates	3,326.00	33,796.77
Heat & Light	NIL	2,289.17
Telephone	2,038.78	14,191.59
IT consultancy costs	21,639.01	92,859.79
Bank Charges	NIL	12,086.65
Repairs & Maintenance	NIL	1,575.00
Petty Cash	(484.83)	15.17
Property Expenses	13,794.95	20,640.34
Merchant services charges	993.55	1,146.80
IT infrastructure costs	172,147.55	508,505.40
Agency staff	4,308.34	4,308.34
PAYE/NI	60,469.81	205,720.93
Net Wages	160,926.12	715,819.26
Other Payroll Deductions	4,766.12	22,133.59
Sundry Trading Expenses	687.62	966.62
Employee Expenses	NIL	1,709.87
	<u>(475,085.64)</u>	<u>(1,713,936.13)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b><u>(475,085.64)</u></b>	<b><u>(1,713,936.13)</u></b>

**Economy Energy Trading Limited**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 14/07/2019 To 31/12/2019 £	From 14/01/2019 To 31/12/2019 £

**Economy Energy Trading Limited**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 14/07/2019 To 31/12/2019 £	From 14/01/2019 To 31/12/2019 £
REPRESENTED BY CONTINUED		
VAT on Sales		(2,509.02)
VAT Payable - 5%		(22,270.81)
		<b>12,778,776.66</b>

## **B Statement of Insolvency Practice 9 disclosure: payments, remuneration and expenses to the administrators or their associates**

## B Payments, remuneration and expenses to the joint administrators or their associates

### Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the joint administrators and their team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

## Pre-appointment costs

Pre-appointment administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before the company entered administration but with a view to it doing so. To the extent they remain unpaid when the company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

On 26 March 2019 the unsecured creditors approved payment of £73,024 of the pre-administration fees and £1,056 of pre-administration expenses of Grant Thornton UK LLP (as disclosed in the joint administrators' statement of proposals) from the estate. These have been paid.

## Post-appointment costs

### Fee basis of the joint administrators

On 30 August 2019 the creditors resolved that remuneration be fixed according to the time properly spent by the joint administrators and their staff, with a fees estimate of £2,191,099.

During the period from 14 July 2019 to 31 December 2019 (the Period) time costs were incurred totalling £649,576 represented by 1,741 hrs at an average of £373/hr (as shown in the 'Work done' section below). Description of the work done is provided in the respective section below.

Cumulative time costs incurred during the administration total £1,841,233, of which £850,000 has been paid.

As at Period end, as shown in the 'Work done' section below, we anticipate that cumulative recorded time costs will be roughly the same as the time costs in the fees estimate and expenses will roughly be the same as the expense estimate, both of which were provided to the creditors prior to the determination of our fee basis.

Under r18.30 of the Rules, we are not permitted to draw remuneration in excess of the total amount set out in the fees estimate, £2,191,099, without approval. At present we do not expect to seek approval to draw remuneration in excess of our fees estimate, however we reserve our right to do so in the future.

## Work done by the joint administrators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fees estimate provided. Our fees estimate was included within our report to creditors dated 8 August 2019. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the joint administrators' fees incurred together with a numerical fees estimate variance analysis. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	126 hrs	£42,881	£340/hr
<b>Trading</b>						
<b>Trading general</b>	<ul style="list-style-type: none"> <li>Dealing with retained employee matters and on-going payroll</li> <li>Maintaining infrastructure to deal with customer accounts and collect customer debts</li> <li>Onsite presence during final billing process and commencement of debt collections</li> <li>Strategy meetings with retained staff</li> <li>Organising site exit and transition of operations to outsourcer and DCA</li> <li>Negotiating with IT providers to ensure a smooth and cost-effective transition of IT infrastructure to SRO</li> </ul>	<ul style="list-style-type: none"> <li>To maximise the joint administrators' asset realisation strategy</li> <li>Without stabilising the business, we would not have been able to carry out account reconciliation, thereby reducing assets available to creditors and potentially increasing creditor balances</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Assets</b>				<b>547 hrs</b>	<b>£229,225</b>	<b>£419/hr</b>
<b>Customer debtors</b>	<ul style="list-style-type: none"> <li>Undertaking full customer reconciliation and final billing process with Company retained staff</li> <li>Implementing customer communication plan and sending out correspondence</li> <li>Work with the Customer Liaison Team to assist with debtor collections</li> <li>Liaising with OVO on customer creditor balances</li> <li>Investigating and responding to large volumes of customer queries</li> <li>Engaging with outsourcing provider and DCA to commence debt collection process</li> <li>Case team strategy meetings and analysis of debt collection process</li> <li>Monitoring of debt collections</li> </ul>	<ul style="list-style-type: none"> <li>To collect outstanding debtors and maximise realisations</li> <li>To ensure transparency with customers about the administration process</li> <li>To finalise the Company's asset and creditor position</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			



	<ul style="list-style-type: none"> <li>• Liaising with solicitors on potential litigation action</li> </ul>			
<b>IT equipment and furniture</b>	<ul style="list-style-type: none"> <li>• Sale of IT equipment and furniture at the Friars House site</li> <li>• Close down of Company's IT systems and relevant archiving considering context of GDPR</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that all Company assets are identified, secured and realised</li> </ul>	<ul style="list-style-type: none"> <li>• This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>	
<b>Cash held by third parties</b>	<ul style="list-style-type: none"> <li>• Communication with third parties to ensure all monies are identified and remitted to the administration estate</li> <li>• Discussions with OVO regarding post appointment prepayment top ups</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that all Company assets are identified, secured and realised</li> </ul>	<ul style="list-style-type: none"> <li>• This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>	
<b>Cash at bank</b>	<ul style="list-style-type: none"> <li>• Discussions with HSBC about direct debit indemnity claims and cash coverage</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that all Company assets are identified, secured and realised</li> </ul>	<ul style="list-style-type: none"> <li>• This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>	
<b>Other assets</b>	<ul style="list-style-type: none"> <li>• Meet and liaise with the Company's solicitors in respect of litigation proceedings and potential claims and the review of documentation in relation to litigation</li> </ul>	<ul style="list-style-type: none"> <li>• To minimise creditors' claims into the estate as much as possible, where economical to do so</li> </ul>	<ul style="list-style-type: none"> <li>• This work is necessary to help mitigate claims for the benefit of the estate and for a distribution to creditors</li> </ul>	
<b>Insurance</b>	<ul style="list-style-type: none"> <li>• Updating insurers about changes to cover requirements</li> </ul>	<ul style="list-style-type: none"> <li>• To mitigate risk from an insurable asset</li> <li>• To comply with regulation and law</li> </ul>	<ul style="list-style-type: none"> <li>• This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> </ul>	
<b>Investigations</b>				<b>55 hrs      £20,450      £/hr372</b>
<b>Books &amp; records</b>	<ul style="list-style-type: none"> <li>• Internal cyber investigations work regarding backing up the Company's servers</li> <li>• Reviewing the Company's books and records and archiving necessary records</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that all Company assets are identified, secured and realised</li> </ul>	<ul style="list-style-type: none"> <li>• This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> </ul>	
<b>Creditors</b>				<b>532 hrs      £173,329      £356/hr</b>
<b>Employees &amp; pensions</b>	<ul style="list-style-type: none"> <li>• Managing the retained employees on an on-going/regular basis</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure employee claims for holiday pay, redundancy and notice pay are recorded accurately</li> </ul>	<ul style="list-style-type: none"> <li>• This work was completed solely for the purpose of complying with statutory</li> </ul>	

requirements and had no direct financial benefit to the estate

- Holding various meetings to update the retained employees
- Recording and processing employee claims
- Engage and liaise with the ERA on employee claims
- Meeting with employees at head office to advise them of their redundancy and explain the process

#### Unsecured

- Liaising with unsecured creditors in respect of their claims in the estate and engagement with certain key stakeholders
- Assessment of ability of certain creditors to claim in the administration
- To ensure all unsecured creditors are advised of appointment and their claims are accurately recorded
- To enable creditors to participate in a distribution and mitigate creditor claims where appropriate

#### Dividends

- No work to date to facilitate a dividend process
- Preparation and review of Estimated Outcome Statement to establish potential level of funds available for each class of creditor
- To understand the potential outcome for various classes of creditor
- This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it did not add financial value to the estate it adds value to the insolvency process

#### Administration

481 hrs £183,691 £382/hr

#### Case management

- Review of case and progress by Insolvency Practitioners
- Liaise with the internal Public Relations team regarding ongoing customer queries
- To comply with insolvency law and regulations
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate

#### Reports, circulars notices & decisions

- Drafting and filing joint administrators' progress reports
- Obtaining approval regarding fixing the basis of the administrators' remuneration
- Monitoring deemed consent and/or decision procedures, reviewing submissions, establishing the decision outcomes, assessing validity and reporting as appropriate
- To comply with insolvency law and regulations
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate

#### Treasury, billing & funding

- Undertake bank reconciliations
- Manage and maintain the estate's bank accounts
- Payment of retained employees' wages
- Processing receipts and payments
- Allocating a large volume of receipts from customer debtors
- To facilitate the administration by accounting for receipts and payments
- To comply with insolvency law and regulations
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate

- Ongoing reconciliation of funds received between the administration and funds to be paid to OVO

<b>Tax</b>	• Collect tax information to present to the tax team	• To comply with tax legislation	• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate
	• Review the Company's tax liabilities and potential refunds		
	• Correspondence and meetings with HMRC including the submission of statutory forms		
	• Understanding the Company's VAT recording practices		
	• Reconciliation of pre-appointment and post-appointment VAT position		
	• Correspondence with HMRC regarding file review in connection with open enquiry		
	• Liaising with HMRC and potential counsel over the tax point of debtor collections		

<b>Pensions</b>	• Correspondence with the Pensions Regulator, employee benefits providers and pension scheme	• To ensure that employees continue to receive the contractual benefits that they are entitled to	• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate
	• Liaise with the retained employees to understand the pension position	• To comply with pension related legislation	
	• Complete and file statutory forms in relation to pensions		

<b>Closure</b>	• Preparation for the conversion of administration to CVL	• To ensure proper closure of the case following the completion of the administration	• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate
	• Drafting final report and circulating to creditors	• To comply with insolvency law and regulations	

<b>Total fees incurred in the Period</b>	<b>1,741 hrs</b>	<b>£649,576</b>	<b>£373/hr</b>
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Detailed SIP9 time cost analysis for the period and fee estimate variance analysis as at period end  
Period from 14/01/2019 to 31/12/2019

Area of work	Partner		Manager		Executive		Adminstrator		Period Total		Cumulative total as at period end		Fees estimate		Variance					
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	£	£	Hrs	£	Hrs	£	Hrs	£				
Administration																				
Case management			-	-	0.75	262.50	0.15	33.00	481.15	183,691.00	351.77	1,193.21	489,913.80	410.58	1,491.71	601,846.00	403.46	298.50	111,932.20	374.98
General	44.85	27,692.50	43.55	17,420.00	55.35	16,905.00	4.50	990.00	0.90	295.50	328.33	0.90	296.50	328.33						
Other IPs, OR, AIB	4.50	2,887.50	-	-	-	-	-	-	148.25	63,007.50	425.01	504.26	236,002.30	468.02						
Pensions	-	-	-	-	-	-	-	-	4.50	2,887.50	641.67	33.60	21,712.50	648.13						
Reports to creditors, notices & decisions	-	-	-	-	-	-	-	-	3.70	1,961.00	530.00	32.20	17,126.00	531.86						
Tax	25.95	15,593.50	62.60	30,110.00	109.50	32,925.00	16.00	3,520.00	0.30	66.00	220.00	0.30	66.00	220.00						
Treasury, billing & funding	0.90	540.00	11.70	4,680.00	81.60	24,750.00	15.25	3,355.00	3.70	96.00	220.00	274.15	80,939.50	296.24						
Assets									546.65	229,228.00	419.33	1,471.15	674,351.50	458.38	1,952.80	866,629.00	443.79	481.65	192,277.50	398.21
Debtors	190.20	114,145.00	59.30	23,720.00	249.20	74,760.00	14.30	3,146.00	513.00	215,771.00	420.61	1,237.50	552,772.50	446.68						
General	6.35	3,910.00	7.90	3,160.00	9.20	2,760.00	-	-	23.45	9,830.00	419.19	179.60	98,510.50	548.50						
Insurance	-	-	-	-	0.60	180.00	-	-	0.60	180.00	300.00	4.70	1,398.00	287.45						
Other assets	1.50	900.00	-	-	6.50	1,950.00	0.70	154.00	8.70	3,004.00	345.29	33.10	15,309.00	462.51						
Property	-	-	-	-	0.20	80.00	-	-	0.40	140.00	350.00	16.75	6,081.50	384.86						
Stock & WIP	0.50	300.00	-	-	-	-	-	-	0.50	300.00	600.00	0.50	300.00	600.00						
Creditors									531.96	173,328.00	326.84	1,234.30	408,269.50	330.79	1,343.30	442,654.00	329.53	109.00	34,364.50	315.27
Secured	-	-	-	-	-	-	-	-	-	-	-	0.80	370.00	400.00						
Employees & pensions	13.30	7,980.00	5.60	2,240.00	30.55	9,202.50	9.20	2,024.00	58.65	21,446.50	365.67	286.45	102,628.50	358.28						
General	1.50	975.00	-	-	-	-	-	-	1.50	975.00	650.00	1.50	975.00	650.00						
Unsecured	24.05	14,830.00	41.30	16,520.00	370.95	111,747.50	35.50	7,810.00	471.80	150,907.50	319.85	946.55	304,365.00	321.89						
Investigations									55.00	20,460.00	371.82	151.70	54,921.00	351.38	96.70	33,521.00	346.65	-55.00	-21,300.00	387.27
Debtor / director / senior employees	-	-	-	-	-	-	-	-	-	-	-	0.65	322.50	496.15						
Investigations	-	-	-	-	31.00	10,850.00	-	-	55.00	20,450.00	371.82	181.05	54,498.50	360.80						
Trading									126.00	42,881.00	340.33	536.35	213,867.50	396.73	589.45	246,450.00	418.10	53.10	32,592.50	613.79
Trading	4.50	2,775.00	37.20	14,880.00	83.50	25,050.00	0.80	176.00	126.00	42,881.00	340.33	536.35	213,867.50	398.73						
Grand Total	318.10	192,528.50	297.05	124,371.00	1,028.90	311,402.50	96.70	21,274.00	1,740.76	649,578.00	373.16	4,686.71	1,841,233.30	4,014.43	5,473.95	2,191,100.00	400.28	887.25	349,866.70	394.33

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant manager and executives
- Due to enhancements to our SIP9 reporting systems, allocation of time against areas of work may differ to previous periods, however this does not affect overall total time costs
- Adverse variances are presented in brackets
- Total time costs paid to date: £850,000 (excludes VAT)

## Hourly charge out rates

Time is charged in units of 6 minutes for each grade of staff used. The hourly charge out rates applied during the Period are at a premium level due to the complex nature of the case. The assignment is deemed to be complex as the case displays the following characteristics:

- The Company is a large business with a significant level of assets in terms of quantum and type to manage and realise
- There is a high level of public interest as a result of the volume of customer interactions
- Unusual assignment given the significant complexities around the SoLR interaction, volume of transactions and challenging billing information

Time costs to date included in the SIP9 table above, together with the fees estimate have been calculated using the rates below.

Grade	Insolvency £/Hr	Tax/Pensions £/Hr
Partner	650	650
Director	600	600
Associate director	530	530
Manager	400	400
Assistant manager	350	350
Executive	300	300
Administrator	220	220
Treasury	220	220
Support	220	220

We reserve the right to amend our charge out rates in the future. Any amendments will be detailed within the next report following such an amendment.

## Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the joint administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
<b>Agents and advisors time and disbursements</b>			
Squire Patton Boggs	78,457	163,415	163,415
Euro Valuation	0	10,747	10,747
ERA Solutions Limited	0	6,820	6,820
Gateley Plc	3,073	30,334	30,334
Ashurst LLP	18,624	33,626	27,487
DWF LLP	1,299	12,198	12,198
<b>Category 1 disbursements</b>			
Insolvency practitioners' bond	0	1,875	1,875
Subsistence	0	1,225	1,125
IT consumables	0	139	139
Courier	20	20	0
Travel (non-mileage)	98	2,551	2,453
Printing and stationary	0	73	73
<b>Category 2 disbursements</b>			
Mileage	801	6,818	6,071
<b>Total expenses and disbursements</b>	<b>102,472</b>	<b>269,841</b>	<b>262,737</b>

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories

### Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

### Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the body of creditors on 26 March 2019.

That the joint administrators' out of pocket expenses at cost, mileage is charged at 45p per mile, be approved. Mileage is charged at 45p a mile. VAT is added as appropriate.

### Sub-contracted out work

During the Period we have sub-contracted out the following work that could otherwise have been carried out by us or our team:

Sub-contractor	Work sub-contracted out	Reason(s) for sub-contracting out	Cost incurred (£)
ERA Solutions	<ul style="list-style-type: none"><li>Employee liaison and claims</li></ul>	<ul style="list-style-type: none"><li>Lower costs to the estate</li></ul>	£6,820

### Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship.

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none"><li>Tax work/advice (narrative is included within the above narrative of work done)</li><li>Pensions work/advice (narrative is included within the above narrative of work done)</li><li>Cyber investigations team (narrative is included above in work done)</li></ul>	<ul style="list-style-type: none"><li>Costs are included within the above SIP9 time cost analysis</li></ul>

### Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the joint administrators' fee basis, or who provide services to us as joint administrators, which may give rise to a potential conflict.

### Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) fees, and the roles and functions of committees is available via Grant Thornton's website: <https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.

## C Statutory information

### Company Information

Company name	Economy Energy Trading Limited
Date of incorporation	1 February 2011
Company registration number	07513319
Former trading address	10th Floor, Friars House Manor House Drive Coventry CV1 2TE
Present registered office	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB

### Administration information

Administration appointment	The administration appointment in the High Court of Justice, Birmingham District Registry, 8006 of 2019
Appointor	the directors
Date of appointment	14 January 2019
Joint Administrators' names	Eddie Williams Jon L Roden Stuart Preston
Joint Administrators' address(es)	Colmore Building, Colmore Circus, Birmingham, B4 6AT Colmore Building, Colmore Circus, Birmingham, B4 6AT Level 8, 110 Queen Street, Glasgow, G1 3BX
Purpose of the administration	Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up
Prescribed Part distribution	The joint administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them
Current administration expiry date	13 January 2020



## D Notice about this report

This report has been prepared by Eddie Williams, the joint administrator of Economy Energy Trading Limited – in administration, solely to comply with the joint administrators' 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 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 report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the joint administrators do not assume any liability in respect of this report to any such person.

Please note that Stuart Preston is authorised by the Insolvency Practitioners Association and that Jon L Roden and I are authorised by The Institute of Chartered Accountants in England and Wales to act as insolvency practitioners.

The joint administrators are bound by the Insolvency Code of Ethics.

The joint administrators act as agents of the Company and contract without personal liability. The appointment of the joint administrators is personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the joint administrators' previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton Insolvency Act portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.



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## **Economy Energy Trading Limited - In Administration**

### **Notice of deemed consent procedure**

Company name	Economy Energy Trading Limited
Company number	07513319
Court name and number	High Court of Justice, Birmingham District Registry 8006 of 2019
Decision date	24 January 2020

NOTICE IS HEREBY GIVEN that under paragraphs 57 and 98 of Schedule B1 to the Insolvency Act 1986, decisions of the creditors are sought as follows:

- 1 No creditors' committee be formed
- 2 The joint administrators be discharged from liability with effect from 14 days after they send their final progress report to creditors.

Under section 246ZF of the Insolvency Act 1986 and rule 15.7 of the Insolvency (England and Wales) Rules 2016 if less than the appropriate number of creditors object to the proposed decision in accordance with the procedure set out below, creditors are to be treated as having made the proposed decisions.

The "appropriate number" of creditors is 10% in value of the creditors. If this threshold of objections is met, the deemed consent procedure will terminate without a decision being made and if a decision is sought again on the same matter it will be sought by a qualifying decision procedure.

A creditor may object to any one or more of the resolutions:

- by accessing the Grant Thornton UK LLP Insolvency Act Portal at [grantthornton.co.uk/portal](http://grantthornton.co.uk/portal)  
Login details and unique passwords are being notified to creditors separately.  
(Any creditor that has not received a unique creditor's password should contact Richard J Jackson of Grant Thornton UK LLP by email at [cmu@uk.gt.com](mailto:cmu@uk.gt.com))
- by email to [cmu@uk.gt.com](mailto:cmu@uk.gt.com)
- in writing delivered to Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB

Objections need to be received no later than 23:59 on the decision date. An objection must be accompanied by a proof of debt, unless a proof of debt has previously been submitted, failing which the objection will be disregarded.

I will aggregate objections and will presume the value of the claims of creditors, who in my view would have been entitled to vote had the decision been sought by a decision procedure, even where those creditors had not already met the criteria for such entitlement to vote.

A creditor whose debt is treated as a small debt in accordance with rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must deliver a proof of debt if they wish to object, unless a proof of debt has previously been submitted, failing which the objection will be disregarded.

A creditor who has opted out from receiving notices may nevertheless object if a proof of debt is submitted, unless a proof of debt has previously been submitted, failing which the objection will be disregarded.

A decision of the convenor is subject to appeal to the court by any creditor in accordance with rule 15.35 of the Insolvency (England and Wales) Rules 2016. An appeal under this rule may not be made later than 21 days after the decision date.

A physical meeting will be held to replace this deemed consent procedure if requested not later than five business days after the date of delivery of this notice by not less than one of the following:

- 10% in value of the creditors;
- 10% in number of the creditors; or
- 10 creditors.

DATED THIS 7TH DAY OF JANUARY 2020

A handwritten signature in black ink, appearing to read 'Eddie Williams', is written over a horizontal line.

Eddie Williams  
Joint Administrator