

# 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](http://www.gov.uk/companieshouse)

### 1 Company details

Company number	0	8	0	5	3	1	5	4
Company name in full	EXTRA ENERGY SUPPLY LIMITED							

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Court details

Court name	Business and Property Courts in Birmingham
	Insolvency and Companies List (ChD)
Court case number	8 3 2 5 o f 2 0 1 8

### 3 Administrator's name

Full forename(s)	David Matthew
Surname	Hammond

### 4 Administrator's address

Building name/number	19
Street	Cornwall Street
Post town	Birmingham
County/Region	West Midlands
Postcode	B 3 2 D T
Country	United Kingdom

# AM22

Notice of move from administration to creditors' voluntary liquidation

<b>5</b>	<b>Administrator's name ①</b>	
Full forename(s)	Edward	<b>① Other administrator</b> Use this section to tell us about another administrator.
Surname	Williams	

<b>6</b>	<b>Administrator's address ②</b>	
Building name/number	19	<b>② Other administrator</b> Use this section to tell us about another administrator.
Street	Cornwall Street	
Post town	Birmingham	
County/Region	West Midlands	
Postcode	B 3 2 D T	
Country	United Kingdom	

<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)	Director of the Company	
Surname		

<b>8</b>	<b>Proposed liquidator's name</b>	
Full forename(s)	David Matthew	
Surname	Hammond	
Insolvency practitioner number	9 3 5 5	

<b>9</b>	<b>Proposed liquidator's address</b>	
Building name/number	19	
Street	Cornwall Street	
Post town	Birmingham	
County/Region	West Midlands	
Postcode	B 3 2 D T	
Country	United Kingdom	

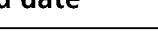
## Notice of move from administration to creditors' voluntary liquidation

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

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

<b>12</b>	<b>Period of progress report</b>							
From date	<sup>d</sup> 0	<sup>d</sup> 4	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0
To date	<sup>d</sup> 2	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1

13	<p><b>Final progress report</b></p> <p><input checked="" type="checkbox"/> I have attached a copy of the final progress report.</p>
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14	Sign and date									
Administrator's signature	<div data-bbox="319 1281 376 1285">Signature</div> <div data-bbox="319 1290 355 1301">X</div> <div data-bbox="421 1290 579 1328">  </div> <div data-bbox="1129 1290 1166 1301">X</div>									
Signature date	<div data-bbox="312 1386 333 1391">d</div> <div data-bbox="333 1386 362 1391">2</div> <div data-bbox="370 1386 391 1391">d</div> <div data-bbox="391 1386 421 1391">1</div> <div data-bbox="478 1386 507 1391">m</div> <div data-bbox="507 1386 536 1391">0</div> <div data-bbox="536 1386 564 1391">m</div> <div data-bbox="564 1386 593 1391">5</div> <div data-bbox="638 1386 667 1391">y</div> <div data-bbox="667 1386 695 1391">2</div> <div data-bbox="695 1386 724 1391">y</div> <div data-bbox="724 1386 753 1391">0</div> <div data-bbox="753 1386 782 1391">y</div> <div data-bbox="782 1386 810 1391">2</div> <div data-bbox="810 1386 841 1391">y</div> <div data-bbox="841 1386 869 1391">1</div>									

**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 **Dharmil Mehta**

Company name **Pricewaterhouse Coopers LLP**

Address **8th Floor, Central Square**

**29 Wellington Street**

Post town **Leeds**

County/Region **West Yorkshrie**

Postcode 

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Country **United Kingdom**

DX

Telephone **01132894322**

**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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**

# Joint Administrators' Final report from 04 December 2020 to 21 May 2021

**Extra Energy Supply Limited and  
Utility Professional Business Operations Limited**  
(both in administration)

High Court of Justice, Business and Property Courts in  
Birmingham, Insolvency & Companies List (**ChD**)  
Case no. 8325 of 2018 and Case no. 8340 of 2018

21 May 2021

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The following table shows the abbreviations and insolvency terms that may be used in this report:

<b>Administrators / Joint Administrators / we / our / us</b>	David Matthew Hammond (from 4 December 2018 to present) Edward Williams (from 4 January 2021 to present) Michael Thomas Denny (from 4 December 2018 to 4 January 2021) Ian David Green from (4 December 2018 until 19 December 2019)
<b>CCL</b>	Climate Change Levy – a tax on energy delivered to non-domestic users in the United Kingdom
<b>Companies</b>	Extra Energy Supply Limited and Utility Professional Business Operations Limited - both in administration
<b>CVL/liquidation</b>	Creditors' Voluntary Liquidation
<b>DCAs</b>	Debt collection agencies
<b>EEG / secured creditor (first ranking)</b>	Extra Energie GmbH
<b>EEHCL / secured creditor (second ranking)</b>	Extra Energy Holding (Cyprus) Limited
<b>EESL</b>	Extra Energy Supply Limited - in administration
<b>Firm / PwC</b>	PricewaterhouseCoopers LLP
<b>HMRC</b>	HM Revenue & Customs
<b>IA86</b>	Insolvency Act 1986
<b>IR16</b>	Insolvency (England and Wales) Rules 2016
<b>Insolvency code of ethics</b>	The code of ethics aims to help insolvency practitioners meet their professional and ethical obligations. A copy can be found at <a href="https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics">https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics</a>
<b>Ofgem</b>	Office of Gas and Electricity Markets
<b>Preferential creditors</b>	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay, and unpaid pension contributions in certain circumstances
<b>Prescribed part</b>	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
<b>RPS</b>	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996

<b>Sch.B1 IA86</b>	Schedule B1 to the Insolvency Act 1986
<b>Secured creditors</b>	Creditors with security in respect of their debt, in accordance with Section 248 IA86
<b>SoLR</b>	Supplier of Last Resort
<b>Unsecured creditors</b>	Creditors who are neither secured nor preferential
<b>UPBOL</b>	Utility Professional Business Operations Limited - in administration

This report has been prepared by David Matthew Hammond and Edward Williams as Joint Administrators of the Companies, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 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 you should read this report in conjunction with the Joint Administrators' previous reports issued to the Companies' creditors, which can be found at:

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

*David Matthew Hammond and Edward Williams have been appointed as Joint Administrators of the Companies to manage their affairs, business and property as their agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:  
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

*The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.*

*PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.*



## Why we've sent you this report

We are pleased to report that our work in the administrations of the Companies is now complete and so, we set out below our final report.

You are able to view our earlier reports on our website at [www.dharmilmehta.com](http://www.dharmilmehta.com) Please get in touch with Dharmil Mehta on 0113 289 4000 or at [uk\\_extraenergy\\_creditors@pwc.com](mailto:uk_extraenergy_creditors@pwc.com) if you need the password to access the reports.

## How much creditors have received

The following tables summarise the possible final outcome for creditors, based on what we currently know.

### EESL

#### Secured creditors:

• EEG	Uncertain	Up to 12 months	Uncertain
• EEHCL	Uncertain	Up to 12 months	Uncertain

Preferential creditors	N/A	N/A	N/A
Unsecured creditors	Between 4% and 8%	12 months +	Between 5% and 8%

#### Secured creditors (EESL)

We have previously reported that EEG and EEHCL could be owed £103m and £15m respectively. However, for the reasons set out below, we believe that any security, if valid, will only apply to a combined total of £0.3m of these debts.

The security position remains subject to a review of its validity. In the current period the Administrators received proof of debt forms from EEG and EEHCL claiming £107,667,754 and £41,298,350 as fully secured over the assets of EESL. The claims received made reference to documentation supporting the claims, but the documentation necessary for us to adjudicate on the claims has not been provided. As we have previously reported this documentation has previously been requested on a number of occasions. Documentation proving the value of the claims will need to be provided for the claims to be admitted. In addition documentation proving the validity and extent of the claimed security will need to be provided to establish a secured claim in respect of these amounts.

Our expectation is that the security, if valid, will only apply to new credit provided to EESL after 1 November 2018, the date when the security was registered. This was understood to be c.£5m. EESL paid c.£4.7m to EEG following the creation of the security but prior to the administration. The net new lending which may be secured therefore appears to be approximately £0.3m.

Based on the information currently available, we anticipate that the secured creditors will be fully repaid their total outstanding secured lending (if valid) of approximately £0.3m out of their security over EESL's assets. This matter will be resolved in the liquidation of EESL.

#### Preferential creditors (EESL)

Based on what we currently know, there are no preferential creditors in EESL.

## Unsecured creditors (EESL)

We understand that the principal unsecured creditors are EEG and EEHCL (after deduction of any nominal secured debt), Ofgem in respect of industry liabilities and, potentially, ScottishPower as a subrogated creditor in respect of customer credit balances it has paid out.

Based on the information currently available, we expect that EESL's unsecured creditors will be paid a dividend over and above the maximum Prescribed Part.

In our previous report we estimated a return to creditors of up between 5% and 8% pence in the pound. In the period of this report we have undertaken extensive work to review and commence the formal agreement of unsecured creditor claims received to date and requested additional information in relation to the larger and more complex claims with a view to formally adjudicating these in the near future.

Unsecured claims received to date total £53.9m (£3.1m higher than we last reported). This amount excludes any claims received from EEG or EEHCL, therefore we expect the final level of unsecured creditor claims to be significantly higher. Claims admitted for dividend purposes to date total £3.01m, with the majority in value of the claims still to be adjudicated.

We now estimate a return to unsecured creditors of between 4% and 8%, though as set out below this estimate remains subject to change and could increase or decrease. As we explain in more detail later in the report, asset realisations are nearing completion which has given us some greater certainty around the total level of surplus funds which may be available for distribution to unsecured creditors. However the final unsecured creditor position remains uncertain for the following reasons and impacts our ability to provide an accurate estimate of the likely return at this time:

- As we didn't receive a statement of affairs from the Companies' director our original estimates have been based on EESL's pre-administration balance sheet. A number of claims received are higher than the balance sheet indicated or are not included on the balance sheet. This makes adjudicating the claims more difficult, as well as predicting the final level of claims we expect to receive;
- Although we have received proof of debt forms from EEG and EEHCL as detailed above there is no substantive evidence in support of the claims making it impossible to adjudicate on these claims as either secured or unsecured claims;
- In the period we also received two further unsecured claims from companies connected to EESL's director. These again have insufficient evidence in support of the claims to adjudicate on them at this time. However the claims received are included in the overall creditor claims received figure above of £53.9m;
- As previously reported, whilst we have now received a claim from ScottishPower in the sum of c.£12m, we are reviewing this claim together with the supporting documentation and figures in order to determine whether it may constitute a subrogated claim for the refund of customer credit balances. Specialist legal advice on this complex position is being obtained and remains ongoing.
- We previously reported that we have received a claim from Ofgem which has increased from an initially received claim of c.17m to c.£28m. The increase in the claim was expected as it relates to charges in respect of renewable obligations, details of which Ofgem needed to obtain from a third party. The increase relates to the period from April 2018 to the date supply was transferred from EESL to Scottish Power. Due to its size and complexity, this claim remains under adjudication at the end of this reporting period.
- No formal claim from the landlord of Hagley Road has been received to date and therefore we have been unable provision for any future claim they may submit in our dividend estimates above.
- As we detail in a later section of this report EESL's VAT accounting process is very complex and as such we do not yet have an indication of what HMRC's unsecured claim in EESL will be. As a result no provision for such a claim has been included in our dividend estimate for EESL.

As we expect there will be a distribution over and above the Prescribed Part, finalising claims agreement and making a first and final distribution to the unsecured creditors of the Company under the Prescribed Part and general unsecured dividend provisions will be completed in the liquidation.

## **UPBOL**

<b>Secured creditors</b>	N/A	N/A	N/A
<b>Preferential creditors</b>	100 p in the £ paid in December 2019	N/A	100
<b>Unsecured creditors</b>	Between 4% and 6%	12 months +	Between 4% and 5%

### **Secured creditors (UPBOL)**

There are no registered charges against UPBOL and therefore no secured creditors.

### **Preferential creditors (UPBOL)**

As previously reported, all the Companies' employees were employed by UPBOL, accordingly, the preferential creditors (mainly employees) fell under UPBOL.

Preferential claims mainly related to accrued (but not taken) holiday, or paid holiday in respect of former employees, some of which were paid by the RPS. In December 2019 we declared and paid a dividend of 100 p in £ to employees and the RPS, totalling £111,437.

### **Unsecured creditors (UPBOL)**

We anticipate that there will be a dividend to UPBOL's unsecured creditors based on our current estimates of potential asset realisations, level of creditor claims, and costs of the administration. We previously estimated that this may be between 4% and 5%, we now predict this to be between 4% and 6%. Unsecured creditor claims received to date total £9.3m. This includes c.£1.4m of employee claims resulting from redundancy claims and the granting of a protective award to former employees in relation to lack of consultation prior to insolvency (please note our previous report stated £1.8m instead of £1.4m in error).

We mentioned in our previous report that we were reviewing the intercompany position between UPBOL and EESL. The Companies records indicated that EESL may be a creditor of UPBOL in the sum of c.£3m. In the current reporting period we have reconciled this position and EESL has submitted a claim of £3.06m in the administration of UPBOL. Although this claim is still under review, it is now included in the claims received figure which goes towards explaining the large increase in claims received from £5.9m as per the last report to £9.1m in this report.

There remains significant uncertainty around the final level of claims that may be received and therefore our dividend estimate above may increase or decrease, depending on the final level of claims, for example no unsecured claim has yet been received from HMRC, therefore we cannot predict what impact any such claim will have on the dividend estimates above.

The Prescribed Part does not apply to UPBOL as there are no secured charges registered against the Company. As we expect that there will be a distribution to Unsecured Creditors, finalising claims agreement and making a first and final distribution to the unsecured creditors of the Company will be completed in the liquidation.

## **What you need to do**

This report is for your information and you don't need to do anything.

## What happens next

The administrations end when the Registrar of Companies files this report on the Companies Register. A Court Order dated 26 November 2020 revised our statement of proposals dated 28 January 2019, to state that in the event that the Companies move from administration to creditors' voluntary liquidation, Edward Williams and David Matthew Hammond will be appointed as joint liquidators.

The Companies will now move to CVL. There having been no alternate nominations, David Matthew Hammond and Edward Williams will be appointed as joint liquidators.

The Administrators have considered the Insolvency Code of Ethics and concluded that there are no matters preventing their appointment as Joint Liquidators of the Companies.

CVL is the most appropriate exit route for EESL as we expect there will be a distribution to unsecured creditors over and above the Prescribed Part. CVL allows this distribution to be made without the need for an application to the Court, which should minimise costs. Alternative routes, such as a further extension to the administration would incur higher costs, due to the need for a Court application to seek any extension. In addition, liquidators have wider powers in terms of investigatory work and information requests, which may be of assistance in relation to the agreement of the claims from EEG and EEHCL and obtaining any information required to assist us in finalising this position. There should be no adverse tax consequences of the route chosen.

CVL is the most appropriate route for UPBOL as we expect there to be a distribution to unsecured creditors of the Company. The Prescribed Part doesn't apply. In CVL the joint liquidators can agree the claims of unsecured creditors and make a first and final distribution to unsecured creditors without the need for Court permission to do this, therefore avoiding additional costs for this process. A further extension to the administration of UPBOL is not considered appropriate as the costs associated with applying to Court to seek a further extension would result in higher costs. There should be no adverse consequences of the route chosen.

As resolved by the general body of creditors we will be discharged from liability in respect of any of our actions as joint administrators for EESL and UPBOL 14 days after we cease to be joint administrators of EESL and UPBOL.

A summary of each key area of our work is provided below and includes details of any progress in the current reporting period. More detail can be found in our prior reports, which can be downloaded from <https://www.pwc.co.uk/extraenergy>

## **Why we were appointed**

You may remember that when we were appointed, the position was as follows:

EESL's principal activity was the retail supply of gas and electricity to approximately 129,000 domestic customers and SMEs across the UK. The principal activity of UPBOL was a service company to EESL including holding the gas shipping licence used to transport gas to EESL's customers.

EESL faced challenges around billing, customer service and complaints management. It had been under investigation by Ofgem in these areas at the time of our appointment. Its trading performance was impacted by poor debt collection and operational inefficiencies, as well as an increase in energy prices in early 2018 driven by unusually cold weather.

EESL was unable to repay Ofgem c.£15.5m in relation to Renewables Obligation Certificates ("ROCs") on the due date of 31 October 2018 due to liquidity issues the Companies were facing.

A short term cash flow was produced by the Companies for the period from 1 November to 31 December 2018 indicating that EESL would need an additional £14.2m (before applying sensitivities) in funding to maintain operations to the end of the calendar year. This funding requirement was in addition to the ROCs liability.

On 1 November 2018 debentures were put in place in favour of EEG and EEHCL, the current secured creditors.

The Companies tried but failed to agree a potential business combination opportunity with similarly sized industry competitors due to the scale of the funding requirement, the inherent uncertainty around the regulatory and macro environments heightened by the introduction of the standard variable tariff price cap from 2019, and the less than certain level of return.

Due to the nature of the Companies' business and industry, the move to administration was a complex process governed by the Energy Act and designed to protect the supply of energy to customers. Ofgem withdrew the energy supply licences and commenced the Supplier of Last Resort ("SoLR") process. ScottishPower was identified as the new supplier for EESL's customers, who transferred to ScottishPower with effect from 25 November 2018.

Following all the above pressures the director had no choice but to place the Companies into administration.

Due to delays in procuring the necessary consents to our appointment from EEHCL as secured creditor, we were not appointed Administrators until 4 December 2018, nine days after the SoLR process had completed.

After an initial review, we decided the most appropriate strategy was to retain a number of the Companies' staff to finalise customers' accounts, issue final bills and collect EESL's substantial trade debtors. This process was complicated by the fact that the Companies' billing systems were owned by overseas companies connected with the director, and we were unable to agree terms on which these could be used by the Companies. We therefore worked with a third party billing provider to develop a new billing system to allow us to complete the final accounts process. We also worked with ScottishPower to develop a process and provide the necessary information to enable ScottishPower to honour customers' credit balances. ScottishPower committed to do this as part of their agreement with OFGEM in relation to the SoLR transfer.

## **Book Debts and Final Billing (EESL)**

The key asset of EESL was the book debts, which consisted of amounts already billed pre-appointment and further amounts which had not been billed at the date of our appointment. At the appointment date, EESL's accounts indicated the aged debtor ledger (amounts billed pre-appointment) totalled c.£69m inclusive of any VAT but net of provisions. Some segments of the ledger were significantly aged, including deceased debtors and insolvent customers. Through collections activity we also became aware of a relatively high level of disputed debt.

The billing systems were owned by EEHCL and hosted by EEG, both companies are connected with the Companies' director. Following appointment, we spent a number of weeks assessing the required changes to final statements and working with system developers in EEHCL to assess the requirements and proposed solutions.

The impact of insolvency on the business has resulted in a number of required changes to customer statements, which required alterations to the billing systems. We had intended to continue to use both parties and pay a commercial, arms-length rate for the services. In early February 2019, when we considered that the billing system solution was close to being ready to implement, we were presented with a proposal for continued service provision by EEHCL that (in addition to significant ongoing costs) would have seen an initial substantial cash cost to the administrations, together with a licence fee that would have seen further significant sums payable on a monthly basis. This was without us having any certainty of the success of this solution.

We did not consider that we could agree to such a proposal given the high values and significant risks involved. After we unsuccessfully attempted to negotiate, in February 2019, EEHCL unilaterally and without notice switched off access to the Companies' billing system.

Using the customer information which we had preserved from back-ups of the Companies' systems, we undertook a lengthy exercise to reconcile customer accounts. In addition, at a materially lower level cost than had been offered by EEHCL we engaged a third party billing provider to develop and host a new billing system for EESL.

This allowed us to start issuing final statements to customers in May 2019. Since May 2019 a total of c.135k final customer statements have been issued with a total debit value of £32.5m.

As we have previously reported the final billing process is now complete. Our work in this area included providing assistance to Scottish Power in reconciling accounts for them to complete their customer billing process and also to repay credit balances to customers. As can be seen in the receipts and payments account for EESL at Appendix B, EESL's administration estate was reimbursed by Scottish Power for the assistance provided.

## **Collections (EESL)**

With the assistance of a team of retained company staff, we contacted customers that had outstanding debts relating to unpaid final bills to recover the amounts due, including new final bills issued since our appointment.

This process involved outbound dialling together with text messages and the issuing of debt letters to c.82k customers (c.37k relate to customers whose debts which had been billed prior to our appointment).

Where customers did not pay as a result of our standard debt collection activities, debts were passed to third party debt collection agencies to seek recovery.

In our last report it was evident that debt collection levels had reduced significantly. This meant the cost of continuing EESL's operations to support the debt collection exercise was at risk of becoming inefficient based on the costs required to maintain operations against the debtor collections received. In our last report we also explained that there remained unsettled accounts but as we had been mindful of the challenges faced by debtors, exacerbated by the Covid-19 pandemic, we were considering our strategy in relation to these outstanding debts.

We concluded that the cost of maintaining operations would erode any value from future debt receipts, so continuing to collect the book debts was not a viable option. We actively explored the possibility of selling the remaining debtor ledger. The ledger was first offered for sale to the Company's sole director, as director of the largest creditor of the administration, but we were advised by his legal representatives that the sole director didn't have an interest in purchasing the ledger. We therefore explored the possibility of selling the debtor ledger to a third party. We initially received interest from two parties. We obtained legal advice to ensure any sale would comply with our GDPR obligations. This advice confirmed that before the transfer of customer data could be included as part of a sale, we would need permission from each affected customer for this data to be shared with any purchaser. It became apparent that the cost of complying with the GDPR requirements would exceed any consideration received from the sale. We would have been able to sell redacted information to a third party but as expected this wasn't sufficient for the interested parties and as a result no formal offers for the debtor ledger were received.

In light of the above, the difficulties and costs associated with pursuing legal recoveries of the remaining ledger ourselves, we concluded that the debt collection exercise would cease.

Shortly following this decision, we notified all debtors who were continuing to make payments to us via direct debit or on payment plans and we arranged for a stop on EESL's pre-appointment bank accounts from 8 March 2021. All third party debt collection agencies who continued to collect debts on our behalf were notified of our change in strategy and they notified all debtors to cease payments. Although a majority of debtors have stopped paying we are still

receiving some funds that are still being paid via DCA's. These amounts are not material and are expected to cease in the near future.

In the period covered by this report we have collected net c£66k

Overall, our debt collection activities since appointment have resulted in c.15.3m net collections. including £4.1m of debtors which had already been invoiced prior to our appointment.

Please note that our receipts and payments account at Appendix B reflects the gross debtor collections, before the deduction of debt collection fees, therefore the collections reflected in the receipts and payments account are higher than what is detailed in this section.

As previously confirmed, throughout the administrations we have continued to engage with Ofgem and Citizens Advice Bureau around our approach to our debt collection activities and have specifically tailored processes to deal with customer vulnerability issues. Both Ofgem and Citizens Advice Bureau have been notified that our debt collection activities have ceased.

## **Operational wind down (EESL and UPBOL)**

Following the conclusion of the debt collection exercise, we have sought to wind down operations, this process has included:

- Closure of EESL customer services and phone lines (with the Administrators now taking control of these queries);
- Termination of ongoing operational supply agreements and settlement of final invoices relating to the running of operations;
- Confirmation to Scottish Power, Ofgem and Citizens Advice Bureau of debt collection process being finalised;
- Data back up and download of key system data and transfer to the Administrators (to assist us with dealing effectively with any customer queries going forward);
- Arranging mail re-directions to the Administrators' offices and changing the Companies registered office;
- Final redundancies in relation to retained employees;
- Data destruction (in line with GDPR) and vacation of premises at One Victoria Square.

## **Customers**

All customers transferred to Scottish Power with effect from 25 November 2018. Scottish Power were to deal with all queries regarding ongoing supply and the repayment of any credit balances due to customers. However this process relied on the Administrators being able to reconcile all customer accounts to establish the final billing position and pass on details of credit balances owed to customers to Scottish Power.

To deal with the expected high volume of customer queries dedicated phone lines and detailed information on the EESL company and administration website were set up and across the course of the administrations we have dealt with a significant number of queries from former and existing EESL customers.

The reconciliation of customer accounts took a number of months to complete, the process was frustrated and delayed by lack of access to the pre appointment billing system which was turned off by EEHCL in February 2019, unilaterally and without notice. This was further exacerbated by the complexity of the data available and the need to build a new technology platform to effect the final billing process.

**Following the wind down of operations, all customer queries should be directed to the Administrators' (to become subsequent liquidators) team by emailing: [uk\\_extraenergy\\_creditors@pwc.com](mailto:uk_extraenergy_creditors@pwc.com)**

## **Employees**

As at the date of our appointment, UPBOL employed 418 staff, all of which operated from the Companies' head office. Due to EESL commencing the SolR process on 21 November 2018, the Companies' director, having taken legal advice, made the decision to instruct the staff members that were unlikely to be required during the administration period to cease their work duties and not attend site from 21 November 2018 onwards (all staff affected were paid their basic salary up to our appointment on 4 December 2018).

One of our key priorities on appointment was to ensure communication with all affected staff, and to provide key information and support to staff as soon as possible.

Prior to the SoLR process, UPBOL had started to review the staff costs and a consultation programme had been commenced with a number of employees. For the affected employees, this process was accelerated on our appointment, which required a bespoke set of communications.

In order to undertake our administration strategy for EESL, it was critical that we retained a certain number of roles and associated staff in order to assist with final billing, debt collection and other administrative matters during the administration period. A total of 107 staff were retained upon appointment to carry out those activities.

Regrettably, it was necessary to make 332 redundancies in the first year of the administration, including 311 upon appointment. A dedicated employee e-mail inbox was set up to assist with any queries.

For retained staff we paid all arrears of wages to ensure continuity of business, with the exception of overtime, bonuses, commission and accrued holiday. The payment was made by EESL due to cash flow constraints in UPBOL, and due to the retained employees being required to effect EESL's administration strategy.

We have continued to review staffing levels throughout the administration. In January 2020, 12 staff remained employed and they moved to smaller premises. However, the Covid 19 pandemic, resulted in 4 members of staff being placed on furlough, with 80% of their wages being reclaimed under the Government scheme. The non furloughed staff worked from home in accordance with Government guidance.

Three of the four furloughed staff were made redundant in November 2020 in line with reducing headcount in response to the significantly reducing debtor collections.

As debtor collections have now concluded, the number of customer queries have significantly reduced also. The remaining employees were initially retained in the current period to assist the Administrators in backing up all customer billing and query systems and providing an orderly hand over to the Administrators and their staff on processes and systems, so that they may deal with any customer queries received going forward. Certain members of staff were also retained to assist the Administrators in final reconciliations of the pre-appointment bank accounts.

Once this was completed all remaining nine employees were made redundant and had their final wages, holiday pay and any retention bonuses they were due paid to them. We have supported all leavers with making claims to the Redundancy Payments Service.

In our last report we explained that we had reviewed the wages and employee related costs met by EESL and re-charged UPBOL for a proportion of these costs. No further re-charges will be made, as a majority of the benefit of the employees being retained has been to fulfil EESL's debt collection strategy EESL has met a majority of the employee related costs of the administrations.

Throughout the administrations we have continued to communicate with legal advisors, process payroll and associated employee-related payments, and provide support to both retained and former employees.

#### Protective award claims

133 former employees made claims in the Employment Tribunal for various categories of redundancy-related pay, including a Protective Award in relation to consultation prior to redundancy. We reviewed each of the above claims against the claim made by these employees to the RPS and the payment made from the National Insurance Fund to satisfy the solicitor that all former employees had been able to make claims to the RPS and to challenge amounts paid by it.

Following this review, we negotiated terms of a Consent Judgment for a Protective Award to be presented to the Employment Tribunal for consideration. As part of these negotiations, we sought to have all claim elements other than a Protective Award withdrawn. We continued our dialogue with the former employees who submitted redundancy-related claims to the Employment Tribunal, aiming to agree the withdrawal of all claims other than the Protective Award claims.

The Consent Judgment for the Protective Award was agreed and its terms confirmed with the Tribunal, meaning the claim would not progress to a hearing.

We agreed to a Protective Award of 90 days' pay which will rank as an unsecured claim in the administration of UPBOL. All other redundancy-related claims were withdrawn. In this reporting period we have provided information to the Redundancy Payments Service to allow it to process payments to all those who were awarded a Protective Award which included a number of individuals who had been a leaver of their own accord.



## Asset realisation

Immediately on our appointment, we secured and took control of the Company's assets. We provide below a summary of the asset realisations to date, including any progress or realisations made in the current reporting period.

### Pre-appointment cash (EESL and UPBOL)

On appointment we collected £3.4m cash from the Companies' bank accounts.

Following appointment, we liaised with the pre-appointment bankers regarding contingent liabilities they had in respect of the merchant banking facilities and in relation to a cash balance held back as collateral to settle any indemnity claims they received. In our last report we advised that amounts paid in indemnities during the period had reduced the cash balance held to c£352k in EESL.

As we have completed the debt collection exercise in the period, we liaised with the pre-appointment bankers regarding the closure of the pre-administration bank accounts and transfer of any remaining cash balances to the administration. The pre-appointment bankers have released a further £250,326 to EESL in the period, representing a proportion of the cash held back from appointment. A balance of £102k has been retained by the pre-appointment bankers at this time as they expect to receive further indemnity claims. It is therefore possible that depending on the final level of any indemnity claims a further balance may be transferred to EESL in liquidation, but the amount is unknown.

The pre-appointment bank account for UPBOL is overdrawn by £540. The pre-appointment bankers have confirmed this overdraft will be cleared using the cash balance they are currently retaining in EESL. To ensure EESL doesn't suffer a shortfall, in the period UPBOL has paid EESL £540 to reimburse it for the amount paid.

### Leasehold property (EESL and UPBOL)

We initially operated from three floors in the Companies' pre-appointment leasehold premises at Hagley Road in central Birmingham. We subsequently relocated the remaining members of staff to smaller offices at One Victoria Square, Birmingham and returned the original property to the landlord with effect from 19 December 2019. We have notified the landlord of our surrender of the lease, and they have confirmed that surrender of the lease has been accepted.

More recently we only occupied one small office space in Victoria Square, Birmingham. As of 30 April 2021 we vacated and the landlord has confirmed termination of our occupation. All associated costs and expenses have been settled.

### Business rates (EESL)

We recovered £50.8k into EESL from the local authorities relating to business rates prepayments. This is included within "Sundry debts and refunds" at Appendix B. We do not currently anticipate any further business rates recoveries.

We previously reported that we had an outstanding liability for business rates for Hagley Road, which we vacated in 2019, but due to a significant number of bills being received for incorrect periods we were continuing to reconcile to position. We are pleased to report that in the current period we have successfully liaised with the relevant local authority and we have now settled the final business rates liability of £13,738. No further business rates liabilities are expected.

### Credit Cover Refunds (EESL and UPBOL)

Total credit cover recoveries are £1.074m in EESL and £724k in UPBOL. This includes £139k received into EESL in the current period. These realisations are higher than first estimated, and represent a good result for creditors. We do not expect there will be any further credit cover recoveries for either EESL or UPBOL.

### Sundry debts and refunds (EESL)

Final sundry debts and refunds total £77,924. No refunds were received in the period.

### Fixtures and fittings (EESL)

We realised £5.1k from the sale of certain office desks and chairs in a prior period. We previously reported that no further realisations were expected, as it was estimated that the cost of collecting the items was higher than their realisable value. It was therefore expected that these items would be sold at auction but any proceeds would go towards the settlement of our agents' outstanding fees and expenses. However, following the auction our agents' advised that the items had sold for higher than expected at £25,916. After deduction of their fees and expenses of £24,732 a small balance of £1,182 was received into the administration estate of EESL.

## Contribution to costs (EESL and UPBOL)

In a prior period EESL has received a contribution of £6,927 from UPBOL in respect of insurance costs and employee costs that EESL paid on UPBOL's behalf over the course of the administrations. No further contributions are expected to be made.

## Indirect taxes (EESL)

### VAT

Prior to administration EESL made the supplies of gas and electricity to end users and would typically submit payment monthly VAT returns to HMRC. The energy sector is a complex area for VAT as the VAT rate is dependent on the type of customer with different treatments required based on the levels of energy usage as well as if the customer is an individual or a business. Furthermore, as the business prepared many of its bills using estimates the value of the supplies often had to be revised. Although EESL had eased to trade prior to the start of administration, it had significant amounts owing from customers for supplies made prior to the cessation of trade. Prior to administration EESL would prepare its returns using the information available from its billing systems, but soon after entering administration the business could no longer access these systems.

As previously reported, we agreed a method with HMRC of submitting VAT returns which would address the misalignment between VAT and insolvency legislation in respect of the time of supply and other technical matters. This method has involved providing HMRC with a breakdown of VAT attributable to the administration and VAT considered to be pre-appointment provable debt, and for HMRC to perform a manual adjustment to refund the latter to the Administrators.

Due to the loss of access to the Companies' billing system, even after agreement of the above method, many of the VAT procedures had to be amended and regularly updated to allow meaningful processing of the limited data available.

During the period of this report we have continued to calculate the provable VAT debt elements and report these to HMRC as well as calculating our post-appointment VAT liabilities. We have continued to submit quarterly VAT returns.

During the period the case team has been considering different ways to manage the debt outstanding from customers of EESL. Our VAT specialists have provided advice in relation to recovery of statutory legal fees from customers. The VAT assessment was not simple as HMRC changed its previously held position in respect to what types of compensation payments would fall within the scope of VAT. The updated HMRC guidance was issued in September following which members of PwC as well as other business advisors met with HMRC to clarify the implication of the guidance and confirm HMRC's intended position.

Additionally, our VAT specialists performed a review of the VAT implication of selling the debtor book to an unassociated third party. In particular, it was confirmed that the sale of the debt would not trigger a requirement to repay Bad Debt Relief previously claimed on VAT amounts. After considering all the factors, not just the VAT implications, the Administrators decided not to sell the debt.

A VAT review has identified that input VAT on certain invoiced supplies from debt collectors had not been included on prior returns. This was adjusted in the return for the quarter ended 31 October 2020.

The business ceased cash collection from the historic customers at the end of March and EESL will deregister from VAT once all amounts from debt collection agencies have been received.

We understand that it has been more difficult than anticipated for HMRC to process the agreed non-standard adjustments in respect of provable VAT debt within their system. Recovering these amounts from HMRC has continued to take up our time in the last six months. There was insufficient communication around the timings and payment amounts from HMRC and we needed to check the status of the repayments regularly with our HMRC contact.

Several repayments remain due, and following the Covid-19 pandemic HMRC has requested that these are transferred electronically, to which we have agreed. However, no further repayments have been received as at the end of this reporting period and we continue to request updates regularly from HMRC. We have been informed that the team that was processing the payments previously has transferred since the Covid-19 pandemic, but we have not been notified of a new payments team being briefed in relation to the agreed VAT adjustments.

Due to the significant outstanding amounts from HMRC (c.£1.0m), it has been agreed that EESL will not pay any VAT amounts reported as due within its VAT returns unless the amounts due exceed those owing from HMRC.

We submitted a formal letter to HMRC on 8 April 2021 requesting repayment of the outstanding amounts by 30 April 2021. No repayments have been received and HMRC has not yet provided a response to this letter, therefore we intend to:

- arrange a call with HMRC policy to discuss the issue and to determine if there is a means by which the issues faced by the client team in relation to the repayments can be resolved;
- initiate the complaints procedure against HMRC; and
- subject to the above, and given by this time EESL will have moved into liquidation, issue a letter before action notifying HMRC of the Joint Liquidators intention to begin legal proceedings to recover the amounts owing.

The approach for the pre-appointment return has now been agreed and the EESL pre-appointment return has been submitted. The UPBOL pre-appointment return has not yet been submitted as the Administrators are currently in the process of correcting the position of gas supplies made to and from UPBO in the pre-appointment period. Once these corrections have been processed then the UPBO pre-appointment return will be submitted and this will be done in liquidation.

## **CCL**

Prior to administration EESL had quarterly CCL returns on calendar quarters. EESL has made one bad debt relief claim prior to administration and the final CCL was prepared by the administrators for the period ended 31 December 2018.

As detailed in our previous reports, the interaction of law applying to CCL and insolvency is complex and required considerable consultation within HMRC to agree an approach to exclude provable CCL debts from our payments in the administration.

Earlier this year we received confirmation from HMRC that CCL in relation to energy supplies made pre-appointment are to be considered a provable debt and therefore not payable by the Administrators. The final CCL return was submitted on 13 May 2020. We anticipate that the return should result in a repayment of c.£616k into the EESL estate.

The period covered by the CCL returns includes both pre-administration and post-administration dates. Therefore the figures reported on the return contain a mixture of provable debts and amounts attributable to the administration of EESL. We received a repayment of £135k on 24 September 2020, which corresponds to the net pre and post administration position. However, we expect a further repayment from HMRC to remove the pre-appointment provable debt amounts from the CCL assessment. We are currently awaiting HMRC either to approve or to enquire into this remaining amount which is in the region of c.£481k. Further CCL submissions will be required by the Administrators for future periods because any future payments we receive from customers will require us to make payments to reverse the related bad debt amounts claimed in the final CCL return. However, these adjustments will be reported separately as post-CCL-deregistration events rather than on CCL returns.

Additionally, CCL specialists from our firm have performed a review of the CCL implications of selling the debt to an unassociated third party. In particular, it was confirmed that receipt of payment from customers, even if made to a third party debt collector, would trigger a requirement to repay Bad Debt Relief previously claimed. As such, the CCL analysis is more difficult than the equivalent VAT analysis. After considering all the factors, not just the CCL implications, the Administrators decided not to sell the debt.

We have submitted a formal letter to HMRC on 8 April 2021 requesting repayment of the outstanding amounts by 30 April 2021 alongside a similar submission for VAT referred to above. We have not received any repayments from HMRC to date and HMRC has not provided a response to our letter. Subject to any response from HMRC in the meantime, the actions that will be taken to recover the outstanding amounts will be the same as those set out in the VAT section above.

# Approval of our proposals

We issued to creditors our proposals dated 28 January 2019 for achieving the purpose of the administrations.

## EESL

Creditors approved our proposals by deemed consent on 11 February 2019.

## UPBOL

We stated in our proposals that we anticipated that there would be insufficient assets in UPBOL to pay a dividend to unsecured creditors.

This meant that we did not have to seek a decision from creditors regarding the approval of proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our proposals were treated as approved on 7 February 2019.

## EESL and UPBOL

We attach a summary of our revised proposals at Appendix A.

Our proposals were revised by Court Order dated 26 November 2020, to state that in the event that the Companies move from administration to creditors' voluntary liquidation, Edward Williams and David Matthew Hammond will be appointed as joint liquidators. This change reflected the change of administrators described below.

# Creditors' committee

## UPBOL

UPBO's creditors did not elect to form a creditors' committee during the administration.

## EESL

On 4 March 2021 we issued a revised remuneration report to creditors (see further detail below). As part of this decision procedure, the Administrators were required to seek a decision from the general body of unsecured creditors as to whether the creditors wanted to establish a creditors' committee. As creditors had previously declined to appoint a creditors' committee this resolution was put to creditors as a negative resolution, that no creditors' committee be appointed. Creditors decided to reject that resolution.

The Administrators received nominations from certain creditors to be members of the creditors' committee, but insufficient nominations were received for a creditors' committee to be established. For a creditors' committee to be established there needs to be a minimum of three creditors with separate representatives and a maximum of five creditors represented.

Consequently, a further decision procedure was issued on 16 April 2021 to confirm whether creditors wished to formally establish a creditors' committee and to invite nominations for members of the creditors' committee.

The outcome of this decision procedure was that creditors voted to establish a creditors' committee and whilst some nominations were received from creditors to act as members of the committee, insufficient nominations were received to achieve the necessary quorum. The current position is, therefore, that a decision to form a creditors' committee has been passed in administration but there are presently insufficient members to act on the committee.

We understand that without a quorate creditors' committee formally being established in administration, the decision to form a creditors' committee will lapse when EESL moves to CVL. We will therefore consider the merits of forming a liquidation committee following the move to CVL and if appropriate seek a further decision from the general body of creditors as to whether a liquidation committee should be formed.

## Changes of administrator

Michael Thomas Denny, one of the previous Joint Administrators, left the firm. To make sure that outstanding issues in the administrations continue to be pursued, an application was made to the Court to remove him and appoint Edward Williams as Joint Administrator of EESL and UPBOL. Edward Williams is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The application was granted and Edward Williams replaced Michael Denny as Joint Administrator of EESL and UPBOL with effect from 4 January 2021. The Joint Administrators arranged, as required by the Court order, to place an advert in the London Gazette, advertising that Michael Denny would be replaced by Edward Williams as Joint Administrator of the Companies. The orders were advertised in the London Gazette on 17 December 2020. Michael Denny was released from all liability in respect of his conduct as administrator of the Companies with effect from 14 January 2021, 28 days from the date of this advert. Creditors had 28 days from the publication of this advert to apply to Court to vary or discharge the Court order.

## Changes to our proposals

As Michael Thomas Denny was replaced by Edward Williams as Joint Administrator on 4 January 2021, as part of the application to effect the replacement of Michael Denny the Court also made an order that if the Companies move to CVL then David Matthew Hammond and Edward Williams will become the joint liquidators of the Companies.

We attach a summary of our revised proposals at Appendix A.

## Extension to the administrations

As previously reported, we applied to Court and were granted an extension of both administrations for 18 months until 4 June 2021 to allow time to complete debt collection, realise any other assets, agree claims in principle and provide assistance to ScottishPower until all customer credit refunds have been processed. No further extensions to the administrations will be sought.

## Statement of affairs

As previously explained, we liaised with the Companies' sole director on many occasions to try to obtain a Statement of Affairs for both Companies. We provided several extensions and offered assistance with the preparation of the documents. No Statements of Affairs were received, nor were any acceptable explanations for the failure to provide them.

## Investigations and actions

We reviewed conduct matters and fulfilled our other obligations under the Company Directors' Disqualification Act 1986 ("CDDA") and the Statement of Insolvency Practice No 2 ("SIP 2") in respect of the periods prior to and following our appointments, in line with our statutory duties as administrators. The content of any submissions to the Insolvency Service is confidential and therefore we are unable to provide any further information in that regard.

We continue to fulfil our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2 and this will continue in any subsequent liquidation.

## Connected party transactions

The Statement of Insolvency Practice 13 ("SIP 13") requires us to disclose details regarding any disposal of assets in the administration to a director or other connected party. There are no such transactions to report.

## Tax clearance

Tax computations for 2018 and 2019 for EESL and UPBOL have been prepared and submitted and any associated corporation tax liabilities settled. No queries have been raised by HMRC in respect of these returns. As we are moving the Companies to CVL, the tax computations for the final administration periods (FY20) will be dealt with in the subsequent liquidations. We have not yet written to HMRC to request clearance for either EESL or UPBOL.

# Our final receipts and payments account

We set out in Appendix B accounts of our final receipts and payments in the administrations of EESL and UPBOL from 4 December 2020 to 21 May 2021

## EESL

Significant Receipts in the period included:

- Collection of gross debtor receipts of £101,587
- Release to the estate of pre-administration cash at bank of £250,326
- Credit cover refunds of £139,476
- Sale of fixtures and fittings of £25,916
- Interest earned of £766

Significant Payments included.:

- Wages and salaries of £275,242
- PAYE, NIC and pension deductions of £264,469
- Debt collection fees of £52,169
- Subcontractors of £50,244
- Network system fees of £10,805
- Agents' fees of £19,707

## UPBOL

Significant Receipts in the period included:

- VAT repayment of £56,727

Payments consisted of:

- Office costs of £1,029
- Corporation tax for p.e 31 December 2019 of £667.
- Transfer of £540 to EESL to cover EESL's settlement of UPBOL's post appointment overdraft on UPBOL's pre-appointment bank account.

No distributions were made to unsecured creditors of EESL via the Prescribed Part in the period. The Prescribed Part does not apply to UPBOL. We consider that payments made in the administration are proportionate based on the size and complexity of the appointments.

## Our expenses

We set out in Appendix C statements of the final expenses that we incurred for EESL and UPBOL to the date covered by this report. The statements exclude any potential tax liabilities that we may need to pay as an administration expense of either EESL and UPBOL in due course in the following CVL because amounts due will depend on the position at the end of the tax accounting periods.

## Our fees

We set out in Appendix D an update on our remuneration which covers our fees, disbursements and other related matters for both EESL and UPBOL.

## Pre-administration costs

You can find in Appendix E information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

In the current reporting period we have identified that there may have been a small error in the pre-administration expenses drawn by the Administrators for EESL and UPBOL. This is being investigated and any adjustment needed will be made early in the liquidations.

## Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditorfee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning Alex La Dell on 0113 289 4000.

We provide below details of ongoing matters which will be concluded in the subsequent liquidations of the Companies.

## Realisation of remaining assets

### EESL

#### **Book debts**

Although we are not actively seeking to recover book debts, small balances are continuing to be received from DCA's directly into the Administrators' bank account. Although we expect that such receipts will stop in the near future to the extent they are received, these will be reported to creditors in the CVL.

#### **Pre-appointment cash**

We have previously reported that following our appointment we liaised with the pre-appointment bankers regarding any potential contingent liabilities that they may have in respect of the merchant banking facilities. As part of the process of closing EESL's pre-appointment bank accounts the pre-appointment bankers have held back c.£102k to deal with any future contingent liabilities received. It is possible that further monies will therefore be received in due course, but this position remains uncertain and will be concluded in the subsequent liquidation.

#### **Dividend from UPBOL**

Subject to EESL's claim of c£3m being admitted for dividend in the liquidation estate of UPBOL, we expect EESL will receive a dividend of between 4p and 6p on it's claim in the near future.

#### **VAT and CCL**

Given the amounts due to EESL for both VAT and CCL are significant and all reasonable steps have been taken to get HMRC to pay over the money due, we are prepared to take more affirmative action in CVL, to recover the amounts due. Once EESL moves into CVL we intend to;

- arrange a call with HMRC policy to discuss the issue and to determine if there is a means by which the issues faced by the client team in relation to the repayments can be resolved;
- initiate the complaints procedure against HMRC; and
- subject to the above, issue a letter before action notifying HMRC of the Liquidators intention to begin legal proceedings to recover the amounts owing.

In addition as small debtor receipts are still being received into the estate via debt collection agencies, we will continue to account for VAT on these to HMRC. However, we anticipate these debtor receipts will cease shortly and at that point we will look to de-register EESL for VAT.

### UPBOL

#### **Refund of overpayment of 2 days gas**

As previously stated OFGEM withdrew the energy supply licences and commenced the SoLR process with Scottish Power as the new supplier for EESL's customers with effect from 25 November 2018. It has subsequently come to our attention that UPBOL was the gas shipper for all customers for the 25 and 26 November 2018.

Given that Scottish Power customers have used this gas, and Scottish Power has billed customers for these days, we believe that Scottish Power therefore owes UPBOL for two day's gas supply and associated costs (gas transportation / distribution costs, capacity charges etc.).

We are in continuing discussions with Scottish Power over the reimbursement of funds for the use of this gas and hope to achieve an amicable solution shortly.

No other asset realisations are expected.



## VAT

UPBOL is no-longer VAT registered. Post liquidation we will continue to reclaim any VAT due back to UPBOL from HMRC. We will also seek to submit the UPBOL pre-appointment VAT return to HMRC at an appropriate time to ensure an accurate unsecured claim from HMRC is received in due course.

## Other issues

### Review of security over assets (EESL only)

On multiple occasions we requested from the director and the relevant counterparties that they provide supporting documentation to substantiate the validity of the security granted by EESL to its connected parties EEG and EEHCL. Although we had previously received an interim response from their advisor stating that they would look into providing this information, nothing has yet been provided.

In the current reporting period and as part of a decision procedure put to all creditors, we received proof of debt forms from EEG and EEHCL in the sums c.£107.668m and £41.29m respectively. On the forms EEG and EEHCL are claiming security over the full value of these amounts. As we explain earlier in the report, the information we have available to us from the Companies' records suggests that only £0.3m of any claim may be secured. We are also unable to adjudicate on the validity of the claims on an unsecured basis as despite reference being made to supporting evidence, the evidence needed to adjudicate on the claims has not been provided. This matter will be resolved in the subsequent liquidation of EESL.

### Unsecured claims agreement and distribution to unsecured creditors (EESL and UPBOL)

In liquidation we will finalise the agreement of unsecured claims with a view to making a first and final distribution to unsecured creditors, including any distribution under the Prescribed Part from EESL. As reported above we expect the Prescribed Part in EESL to be the statutory maximum of £600k.

### Increase in our fee approval (EESL only)

As detailed in our previous reports, significantly more work has been undertaken than was envisaged at the time that our initial fee estimate was prepared and approved by creditors. We therefore wrote to creditors on 4 March 2021, detailing the reasons for the increase in our fees estimate and to seek a decision by correspondence from the unsecured creditors for the approval of the increased estimate.

The unsecured creditors did not approve this revised fee estimate and consequently, we are presently unable to draw remuneration in excess of the original fee estimate of £3,419,869. We will consult with a liquidation committee, if one is appointed, to seek to agree an increase in our fees, but if this is not possible, we will revert to the creditors or the court.

### Other statutory matters

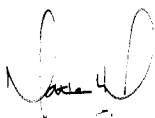
Following the move to CVL we will prepare and file all relevant statutory notices for the Companies. We will report annually to creditors. In addition we will continue to prepare our post appointment tax computations for the Companies and settle any associated corporation tax liabilities.

## Next report

The next report to creditors will be circulated by the liquidators of EESL and UPBOL in approximately 12 months.

If you've got any questions, please get in touch with Alex La Dell on 0113 289 4000

Yours faithfully  
For and on behalf of the Companies



Matthew Hammond  
Joint Administrator

We set out below a brief summary of our proposals, which were revised by a Court Order dated 27 November 2020. A full copy of our proposals will be available on the case website at [www.pwc.co.uk](http://www.pwc.co.uk) for at least 3 months.

## EESL

1. The Administrators will continue to manage the affairs of the Company with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration).
2. A certain number of employees have been retained to assist with final billing, debt collection and other administrative matters. Completing a final billing process and implementing an efficient debt collection strategy enables the statutory purpose to be achieved and is the best available outcome for creditors as a whole in the circumstances. In particular, the administration process enables employees to be retained by UPBOL who have the requisite knowledge of the complex billing and debt collection process and the administration process ensures the continuation of essential services to enable the business to continue to operate.
3. The Administrators will investigate the actions of any person who has been a director of the Company and will submit findings to the BEIS within three months of our appointment.
4. The administrators anticipate that the secured creditors will be repaid in full (based on the value of liability incurred after the security was put in place).
5. No preferential claims are expected in EESL as these will fall under UPBOL.
6. If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors.
7. If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch.B1 IA86.
8. We're asking creditors to decide whether they wish to elect a creditors' committee to help us in discharging our duties. If the creditors do wish to do so, there will be a creditors' committee if enough creditors want to be on it. You can request the formation of a committee at a later stage should you wish to do so.
9. The exit route will depend on the outcome of the administration. The most likely exit routes are as follows:
  - a. Once asset disposals are complete, the Administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that David Matthew Hammond and Edward Williams be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch.B1 IA86 and Rule 30.6(6) IR16, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved.
  - Or
  - b. Apply to court for permission to pay any surplus funds to unsecured creditors. If this is granted the Administrators will end the administration by filing a notice with the Registrar of Companies and EESL will be dissolved three months later. If the Administrators do not get permission, EESL will go into CVL, or the Administrators will comply with the terms of any court order, if different.
  - Or
  - c. If it turns out in due course that there will not be a dividend to unsecured creditors, other than from the prescribed part, once the prescribed part has been distributed, the Administrators will file a notice with the Registrar of Companies and EESL will be dissolved three months later. If there are matters that should be conducted/investigated in a liquidation, the Administrators may instead apply for a court order ending the administration and for EESL to be wound up.
10. It is proposed that the Administrators' fees be based on the time that the Administrators and their staff spend on the cases at our normal charge out rates for this type of work. In EESL it will be up to the creditors' committee to fix the basis of fees and Category 2 disbursements. But if there is no committee, we will ask the general body of creditors instead.

## UPBOL

1. The Administrators will continue to manage the affairs of the Company with a view to 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).
2. The Administrators will investigate the actions of any person who has been a director of the Company and will submit our findings to the BEIS within three months of our appointment.
3. The prescribed part does not apply to UPBOL because there is no floating charge registered to the Company. The Administrators do not think that there will be a dividend to unsecured creditors based on potential asset realisations, level of creditor claims and costs of the administration.
4. We estimate that preferential creditors may receive a dividend, however, the quantum of this dividend is uncertain and will depend on the final level of asset realisations.
5. We're asking creditors to decide whether they wish to elect a creditors' committee to help us in discharging our duties. If the creditors do wish to do so, there will be a creditors' committee if enough creditors want to be on it. You can request the formation of a committee at a later stage should you wish to do so.
6. The exit route will depend on the outcome of the administration. The most likely exit routes are as follows:
  - a. Assuming that there is no dividend for unsecured creditors, once the administration is complete, a notice will be filed with the Registrar of Companies and UPBOL will be dissolved three months later. If there are matters that should be conducted/investigated in a liquidation, the Administrators may instead apply for a court order ending the administration and for UPBOL to be wound up.

Or

  - b. In the unlikely event that there will be a dividend to unsecured creditors, the Administrators will place UPBOL into creditors' voluntary liquidation so that the liquidator can pay the dividend. In these circumstances it is proposed that David Matthew Hammond and Edward Williams be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch.B1 IA86 and Rule 30.6(6) IR16, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved
7. It is proposed that the Administrators' fees be based on the time that the Administrators and their staff spend on the cases at our normal charge out rates for this type of work. Because we do not think that there will be a dividend to the unsecured creditors of UPBOL, the basis of fees will be fixed by the preferential creditors.

## **EESL**

Company balance sheet at 4 December 2018 (£)		4 December 2018 to 3 December 2020 (£)	4 December 2020 to 21 May 2021 (£)	Total (£)
	Floating charge			
68,779,000	Receipts			
	Book debts	15,842,896.00	101,587.46	15,944,483.46
	VAT refund	1,779,043		1,779,043
4,389,047	Balance at bank	3,374,414	250,325.80	3,624,740
	Third party funds (transferred to UPBOL)	58,286		58,286
	Contribution to costs from UPBO	6,927	540	7,467
2,038,000	Credit cover refunds	934,661	139,476.48	1,074,137
	Sundry debts and refunds	77,924		77,924
	Contribution from Scottish Power	1,413,057		1,413,057
1,549,000	Bank interest gross	34,950	765.68	35,716
4,124,920	Fixed assets / fixtures and fittings	5,175	25,916.00	31,091
	Software / investments			
	<b>Total receipts</b>	<b>23,527,333.00</b>	<b>518,611.42</b>	<b>24,045,944.42</b>
	Payments			
	Office holders' fees (pre-appointment)	240,156		240,156
	Office holders' fees (post-appointment)	2,750,000		2,750,000
	Office holders' expenses (pre-appointment)	10,921		10,921
	Office holders' expenses (post-appointment)	36,330		36,330
	Wages and salaries	2,486,393	275,242.02	2,761,635
	Customer services agent	1,382,746		1,382,746
	PAYE/NIC and pension deductions	1,244,844	264,468.58	1,509,313
	Rents and service charge	687,885	4140.94	692,026
	Billing fees and expenses	1,065,966	2,915.12	1,068,881
	Debt collection fees	622,254	52,168.38	674,422
	Legal fees and expenses	229,886	77215.16	307,101
	Third party funds (transferred to UPBOL)	58,286		58,286
	Utilities and rates	145,318	13738.52	159,057
	Subcontractors' fees	346,110	50,224.00	396,334
	Telephone	55,439	417.89	55,857
	Network system fees	305,085	10,804.90	315,890
	Licences and royalties	15,435		15,435
	Employee/subcontractor expenses	55,296	625.13	55,921
	Insurance	41,130	513.48	41,643
	Office costs, stationery and postage	24,525		24,525
	Taxation	6,750		6,750
	Direct expenses	25,076	597.5	25,674
	Payroll bureau fees and expenses	12,235	2,041.59	14,277
	Sundry expenses	6,346		6,346
	Lease, hire and HP payments	8,323		8,323
	Agents fees	0	19,707.40	19,707
	Agents' disbursements	3,294	5,024.40	8,318
	Overdraft, loans interest, bank charges	10,811	32.5	10,844
	Storage costs not charged as a disbursement	1,170		1,170
	Professional fees	1,590	40	1,630
	Irrecoverable VAT	379		379
	<b>Total payments</b>	<b>11,879,979</b>	<b>779,918</b>	<b>12,659,897</b>
	<b>Net realisations</b>	<b>11,647,354</b>	<b>(261,306)</b>	<b>11,386,048</b>
	VAT control account (Note 1)	(1,051,819)	(39,437.16)	(1,091,256)
	<b>Balance held in interest bearing current account (Note 2)</b>	<b>10,595,535</b>	<b>(300,743)</b>	<b>10,294,792</b>

### **Notes to EESL R&P**

*All Items are stated net of VAT*

*(1) Due to the complexity of the way EESL's VAT is accounted for and repaid by HMRC regular discussions remain ongoing with HMRC about the amount still repayable to EESL and therefore the VAT control account position may change in future reports*

*(2) Aside from £102k held back by EESL's pre-administration bankers no debtor receipts remain in EESL's pre-administration bank accounts.*

(3) As explained further in appendix D, our fees have been approved on a time costs basis. The receipts and payments account shows the total drawn to date.

(4) During the period of this report but prior to 31 March 2021, payments totalling £31,886 were paid to a party who could be perceived to be an associate as described in more detail in appendix D.

(5) We consider all payments made during the period to be proportionate in the context of the administration.

## **UPBOL**

Company balance sheet at 4 December 2018 (£)	4 December 2018 to 3 December 2020 (£)	4 December 2020 to 17 May 2021 (£)	4 December 2018 to 17 May 2021 (£)
<b>Uncharged funds</b>			
<b>Receipts</b>			
3,069,597 Credit cover refunds (*)	724,294	-	724,294
138,000 Bank interest gross	4,484	-	4,484
2,263,800 Cash in hand	137,333	-	137,333
36,061 Intercompany realisations	-	-	-
	-	-	-
<b>Total receipts</b>	<b>866,111</b>	<b>-</b>	<b>866,111</b>
<b>Payments</b>			
Office holders' fees (pre-appointment)	12,640	-	12,640
Office holders' fees (post-appointment)	268,995	-	268,995
Office holders' expenses (pre-appointment)	575	-	575
Office holders' expenses (post-appointment)	972	-	972
Office costs	2,363	1,029	3,392
Finance, bank interest and charges	26	540	566
Contribution to EESL's insurance and employee costs (Note 2)	6,927	-	6,927
Corporation tax	-	667	667
<b>Total payments</b>	<b>292,498</b>	<b>2,235</b>	<b>294,733</b>
<b>Net realisations</b>	<b>573,614</b>	<b>1,569</b>	<b>571,378</b>
Preferential creditors (100 p in £)	(111,437)	-	(111,437)
VAT control account	(58,365)	56,727	(1,638)
<b>Balance held in interest bearing current account (Note 1)</b>	<b>403,812</b>	<b>58,295</b>	<b>458,303</b>

### **Notes to UPBOL's receipts and payments accounts**

1. Funds for UPBOL are held in interest bearing accounts with Barclays Bank Plc.
2. All items are stated net of VAT.
3. As explained further in appendix D, our fees have been approved on a time costs basis. The receipts and payments account shows the total drawn to date.
4. No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report.
5. We consider all payments made during the period to be proportionate in the context of the administration.

Expenses are defined in Statement of Insolvency Practice 9 ("SIP 9") as any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate. Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

- |       |  |
|-------|--|
| 1     | These are payments to persons providing the service to which the expense relates who are not an associate of the office holder.  |
| <hr/> |  |
| 2     | These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement. |
| <hr/> |  |

We have previously obtained creditors approval for our policy in charging category 2 disbursements. Changes in SIP 9 mean that approval is now also needed for any expenses paid from 1 April 2021 onwards to an associate or a person who may be perceived as an associate or where there is an element of shared cost being allocated between different insolvent estates. We can confirm that there have been no payments of category 2 expenses (other than disbursements under the approved policy) since 1 April 2021.

## Disbursements

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by the general body of creditors where required. The following disbursements arose in the period of this report:

### EESL

1	Postage	622.91
1	Transfer of appointee	609.73
1	Storage	273.44
2	Mileage (PwC company cars) - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	Nil
2	Photocopying – At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	9.84
Total		1,515.92

### UPBOL

1	Transfer of appointee	609.73
1	Postage	521.10
2	Mileage (PwC company cars) - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	Nil
2	Photocopying – At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	Nil
Total		1,130.83

## Expenses analysis

The following tables provide details of our expenses for EESL and UPBOL, apart from our fees, which are described in detail in Appendix D. The table also excludes any potential tax liabilities that we may need to pay as an administration expense from EESL or UPBOL because amounts becoming due will depend on the position at the end of the tax accounting periods. In some cases final invoices for the period have not been received and the figure for expenses incurred in the period are therefore our best estimates and subject to correction in our next report.

The tables should be read in conjunction with the receipts and payments accounts at Appendix B, which shows expenses actually paid during the period and the total paid to date for EESL and UPBO.

Any discrepancies between the amounts "incurred" per the expenses tables below and the "payments" per the receipts and payments accounts in the previous section are due either to costs incurred in the current period which have not yet been paid, or payments made in this period which relate to amounts outstanding at the end of the previous reporting period.

### **EESL**

<i>Nature of expenses</i>	<i>Brought forward from previous period</i>	<i>Paid/incurred in the period under review</i>	<i>Cumulative</i>	<i>Estimated future</i>	<i>Anticipated total</i>	<i>Initial estimate</i>	<i>Variance</i>
	(£)	(£)	(£)	(£)	(£)	(£)	(£)
Wages and salaries (Note 1)	2,486,393	275,242	2,761,635	-	2,761,635	2,689,943	(71,692)
Customer agent's fees and disbursements	1,382,746	0	1,382,746	-	1,382,746	1,748,216	365,470
PAYE/NIC and pension deductions (Note 1)	1,301,582	207,731	1,509,313	-	1,509,313	871,309	(638,004)
Rents and service charge	687,885	4,141	692,026	-	692,026	726,500	34,474
Billing fees and expenses	1,065,965	2,916	1,068,881	-	1,068,881	929,146	(139,735)
Debt collection fees (Note 2)	627,754	46,669	674,422	8,000	682,422	708,335	25,913
Legal fees and expenses (Note 3)	314,297	36,504	350,801	65,000	415,801	260,750	(155,051)
Utilities and rates	145,318	13,739	159,057	-	159,057	128,301	(30,756)
Subcontractors fees	352,990	43,344	396,334	-	396,334	152,564	(243,770)
Telephone	55,619	238	55,857	-	55,857	49,373	(6,484)
Network system fees	305,235	10,655	315,890	1,500	317,390	140,430	(176,960)
Employee/subcontractor expenses	55,404	517	55,921	-	55,921	21,703	(34,218)
Office costs, stationery and postage	24,525	-	24,525	500	25,025	23,882	(1,143)
Direct expenses	25,076	598	25,674	1,000	26,674	11,670	(15,004)
Licences, trademarks and royalties	15,435	-	15,435	-	15,435	-	(15,435)
Payroll bureau fees and expenses	13,325	952	14,277	-	14,277	6,969	(7,308)
Sundry expenses/contingency (note 4)	6,425	(79)	6,346	-	6,346	23,778	17,432
Lease/hire/HP payments	8,323	-	8,323	-	8,323	2,975	(5,348)
Overdraft/loans interest/bank charges	10,811	32	10,844	300	11,144	2,812	(8,332)
Storage costs not charged as a disbursement	1,170	-	1,170	-	1,170	751	(419)
Professional fees	1,780	(150)	1,630	-	1,630	180	(1,450)
Taxation advice	6,750	-	6,750	-	6,750	-	(6,750)
Agents fees and disbursements	3,294	24,732	28,026	-	28,026	-	(28,026)
Pre-administration costs	251,077	-	251,077	-	251,077	251,078	1
Insurance (note 5)	39,630	513	40,143	(269)	39,874	9,534	(30,340)
Administrators' category 1 disbursements	36,899	1,438	38,337	200	38,537	38,761	224
Administrators' category 2 disbursements	1,691	10	1,701	40	1,741	3,165	1,424
Irrecoverable VAT	379	-	379	-	379	-	(379)
Contingency - Potential VAT liability (Note 6)	-	-	-	59,049	59,049	-	(59,049)
	<b>9,227,779</b>	<b>669,739</b>	<b>9,897,518</b>	<b>135,320</b>	<b>10,032,838</b>	<b>8,802,125</b>	<b>(1,230,713)</b>

## Notes to the EESL Statement of Expenses

Our expenses have exceeded the initial estimate of £8,802,125 provided to all creditors before the basis of our fees was fixed. This is because the collection process has taken longer than previously anticipated and it was necessary to extend the administrations to maintain operations for a longer period. It should be noted that total collections have also exceeded expectations by an amount which significantly exceeds the additional costs incurred.

In addition we have undertaken additional reconciliations and work for ScottishPower at their request. It was not possible to factor the cost of performing this work into our expenses estimate when this was produced. We have charged Scottish Power for the additional work as well as receiving contributions from them for overheads and a contribution towards the costs associated with re-building the billing system. In total we have received c.£1.4m from Scottish Power. Therefore although additional expenses have been incurred (both across general expenses and Administrators' fees), we have also made additional recoveries for the benefit of creditors. Recoveries received from this work can be found in our receipts and payments account at Appendix A under "Contribution from Scottish Power" and should be considered in conjunction with the associated reported expenses in this report, when comparing with our initial estimates.

Other comments on the statement of expenses are as follows:

- (1) All wages and salaries and deductions have now been paid in full.
- (2) Future debt collection fees will depend on future debtor receipts. The £8k is therefore an estimate.
- (3) The brought forward for legal fees has increased by c.£24k. This is as a result of WIP for the last period which was unreported in error. In addition the brought forward figure for agents' fees and disbursements had historically been missed from the expenses table and is now included.
- (4) Invoices received in the period were less than our provision in the previous period, as a result the amount incurred in this period reflects a credit to the overall expense for Sundry Expenses
- (5) In the period we cancelled all insurance and our insurers confirmed the estate is due a refund of £268.99. This credit is accrued as a future refund as it is yet to be received.
- (6) Due to the complexity around how VAT is accounted to HMRC on EESL's transactions and the fact HMRC is still holding back funds due to the administration whilst it reconciles the position, there remains the possibility that an amount could be due to HMRC and therefore an expenses has been accrued based on what we know currently. This position could be subject to change.

## UPBOL

Nature of expense	Brought forward from previous period (£)	Paid/incurred in the period under review (£)	Cumulative (£)	Estimated future anticipated total (£)	Initial estimate (£)	Variance (£)
Legal fees and expenses	3,651	-	3,651	-	3,651	(3,651)
UPBO to EESL - contribution to insurance and employee costs (previously categorised as insurance)	6,927	-	6,927	-	6,927	-
Office costs, stationery and postage	2,364	1,029	3,393	-	3,393	(3,393)
Finance, bank interest and charges (Note 1)	26	540	566	26	592	(592)
Storage	-	-	-	100	100	(100)
Pre-administration costs	13,215	-	13,215	-	13,215	-
Administrators Category 1 disbursements	926	1,131	2,057	49	2,106	(1,131)
Administrators Category 2 disbursements	47	-	47	12	58	(58)
<b>Total expenses excluding our fees</b>	<b>27,155</b>	<b>2,700</b>	<b>29,855</b>	<b>186</b>	<b>30,041</b>	<b>(8,924)</b>

## Notes to UPBOL Statement of Expenses

1. UPBOL had an open pre-appointment bank account with Lloyds Banking Group and this was overdrawn by £540. This overdrawn amount was repaid by EESL and UPBO reimbursed EESL for its settlement of the liability



## **EESL**

Our fees were approved on a time costs basis by the general body of creditors on 9 September 2019, based on a fees estimate of £3,419,869. For reasons detailed in our previous reports, this original fee estimate has been exceeded and we therefore issued a revised fee estimate to the unsecured creditors on 4 March 2021, seeking approval to draw up to £5,325,508. This revised fee estimate was rejected and consequently, at the date of this report, the Administrators may only draw remuneration up to £3,419,869 across the administration and subsequent CVL.

In the period from 4 December 2020 to date we have incurred time costs totalling £705,561, bringing total time costs from appointment to 21 May 2021 to £5,165,989.

As at the date of this report we have drawn post-appointment fees totalling £2,750,000, no fees were drawn in the current reporting period.

In a prior period we had also drawn £240,156 in relation to our pre-appointment work in line with the approval given. These amounts are included in the receipts and payments account provided earlier in this report.

Our time costs have exceeded our initial estimate of £3,419,869. We have previously informed creditors that our fees would exceed the initial fee estimate due unforeseen systems issues and complexity in dealing with certain matters that were not envisaged at the time our initial fee estimate was made. Our remuneration report dated 4 March 2021 provided a detailed explanation as to the reasons the initial fees estimate was exceeded, however, in summary these include:

- Additional time and complexity in building a new billing system to allow the final billing of EESL customers. This was necessary to both collect the unbilled debts and to finalise the billing position of customers who had transferred to Scottish Power. Scottish Power has made a contribution in respect of assistance the Administrators have provided them with;
- The delay in commencing the final billing process meant the debt collection process had to run on longer than originally anticipated on appointment, resulting in operations and the associated costs of maintaining operations having to be incurred for longer than anticipated;
- At the time we circulated our initial fees estimate it was not possible to estimate with any accuracy the volume of customer queries and complaints we would receive or the time commitment required to resolve each of these;
- We also couldn't predict with any degree of accuracy how much assistance we would need to provide to Scottish Power in relation to the reconciliation of customer accounts to enable them to provide final bills and credits to customers. It should be noted that Scottish Power have paid the Administrators' for the assistance we have provided, therefore the contributions received will offset a proportion of any over run on the initial fees estimate;
- We had originally planned to move the Companies into CVL towards the end of 2020, this was impacted by the Covid-19 pandemic and as a result the Companies have remained in administration for six months longer than we expected;
- We have still been unable to resolve the security position with EEG and EEHCL and have been required to seek legal advice regarding our strategy for finalising this position;
- the complexity of the interaction between VAT and CCL laws and insolvency law in relation to the accounting for VAT and CCL in the administration and the ongoing interaction with HMRC to secure the correct refunds; and
- the complexity of the agreement of claims from Ofgem and Scottish Power, with claims that have taken considerable periods of time to finalise and require substantial factual and legal review.

We intend to consult with creditors and seek agreement to an uplift of the fee cap during the liquidation, either through approval of a committee if formed, or resolution of the creditors, or failing all agreement, an application to the court.

## Our hours and average rates

***EESL: Time costs incurred in the period 4 December 2020 to 21 May 2021***

Work Type Group	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Total Hours	Total Cost (£)	Average Hourly Rate (£)
Accounting & Treasury	-	-	0	18	49	54	121	35,826	297
Assets	-	3	3	47	10	19	81	34,268	423
Creditors	-		79	123	27	10	239	117,248	490
Employees & Pensions	-		1	54	-	2	57	25,332	448
Investigations	-		-	-	0	-	-	137	546
Statutory & Compliance	6	31	30	178	152	28	425	186,268	438
Strategy & Planning	-		6	36	27	26	95	35,216	373
Operations	-		1	279	2	4	285	134,378	471
IT support	-	-	-	-	-	-	-	-	-
Tax & VAT		35	24	19	80	28	186	136,889	736
<b>Total</b>	<b>6</b>	<b>69</b>	<b>145</b>	<b>753</b>	<b>345</b>	<b>171</b>	<b>1489</b>	<b>705,561</b>	<b>474</b>

***EESL: Total time costs incurred during the administration and a comparison to the initial fees estimate***

<i>Incurred</i>				<i>Initial estimate</i>			<i>Variance</i>		
Work type group	Total Hours	Total Cost	Average Hourly Rate	Total Hours	Total Cost	Average Hourly Rate	Total hours	Total Cost	Average Hourly Rate
Accounting & Treasury	564	159,974	284	238	68,690	289	(326)	(91,284)	5
Assets	2,459	1,025,091	417	2,312	913,158	395	(147)	(111,933)	(22)
Creditors	932	297,498	319	543	177,576	327	(389)	(119,922)	8
Employees & Pensions	512	217,582	425	229	92,112	402	(283)	(125,470)	(23)
Investigations	115	40,089	349	134	52,398	391	19	12,310	42
Statutory & Compliance	1,782	522,045	293	611	204,054	334	(1,171)	(317,991)	41
Strategy & Planning	726	312,777	431	494	192,210	389	(232)	(120,567)	(42)
Operations	4,252	1,570,206	369	3,112	995,778	320	(1,140)	(574,428)	(49)
IT Support	707	205,829	291	558	135,824	243	(149)	(70,005)	(48)
Tax & VAT	1,113	814,899	732	804	588,059	731	(309)	(226,840)	(1)
<b>Grand Total</b>	<b>13,162</b>	<b>5,165,989</b>	<b>393</b>	<b>9,035</b>	<b>3,419,859</b>	<b>312</b>	<b>(4,127)</b>	<b>(1,746,130)</b>	<b>(81)</b>

## **UPBOL**

Our post appointment fees were approved on a time cost basis by the general body of creditors on 30 September 2019, subject to a fee cap based on an initial estimate provided of £297,889.

In the period from 4 December to 21 May 2021 we have incurred time costs totalling £97,023, bringing total time costs from appointment to 21 May 2021 to £443,335. Since appointment we have drawn a total of £268,995 in fees. No fees have been drawn in the current reporting period. The amounts drawn previously are included in the receipts and payments account provided earlier in this report.

In a prior period we had also drawn £12,640 in relation to our pre-appointment work in line with the approval given. These amounts are included in the receipts and payments account provided earlier in this report.

Our time costs have exceeded our initial estimate of £297,889. This is due to the book debt collection process in EESL taking longer than anticipated, which required that we maintained active operations and a number of employees for a longer period (all employee contracts were in UPBOL). The lengthier process has also meant that the period of the administration has been longer than initially anticipated. As a result of the increase to our initial fees estimate, we wrote to creditors on 4 March 2021 detailing the reasons for exceeding the original fee estimate and seeking approval for our revised fee estimate in the sum of £514,792. The unsecured creditors approved this revised fee estimate, meaning that we may now draw fees up to a maximum of £514,792 across the administration and subsequent CVL.

### ***Time costs incurred in the period 4 December 2020 to 21 May 2021***

Work Type Group	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Grand Total	Total Cost (£)	Average Hourly Rate (£)
Accounting & Treasury	-	-	-	1	2	5	8	2,022	263
Assets	-	-	-	0			0	119	476
Creditors	-	-	8	12	7	2	29	13,085	459
Employees & Pensions	-	-	2	0	0	9	11	3,052	274
Investigations	-	-	-	-	-	-	-	-	-
Statutory & Compliance	2	-	3	35	47	1	88	37,516	426
Strategy & Planning	-	-	2	12	8	-	23	9,985	433
Operations	-	-	-	37	-	-	37	17,531	473
Tax & VAT	-	4	3	2	6	2	17	13,713	802
<b>Grand Total</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>99</b>	<b>70</b>	<b>20</b>	<b>212</b>	<b>97,023</b>	<b>457</b>

## ***Total time costs incurred during the administration and a comparison to the initial fees estimate***

	<b><i>Cumulative</i></b>			<b><i>Initial estimate</i></b>			<b><i>Variance</i></b>		
<b>Work type group</b>	<b>Total Hours</b>	<b>Total Cost</b>	<b>Average Hourly Rate</b>	<b>Total Hours</b>	<b>Total Cost</b>	<b>Average Hourly Rate</b>	<b>Total hours</b>	<b>Total Cost</b>	<b>Average Hourly Rate</b>
Accounting & Treasury	46	11,317	248	39	11,051	283	(7)	(266)	36
Assets	47	10,559	223	41	9,861	241	(6)	(698)	17
Creditors	163	48,571	299	122	33,528	275	(41)	(15,043)	(24)
Employees & Pensions	424	105,063	248	314	90,356	288	(110)	(14,707)	40
Investigations	23	6,926	301	13	3,748	288			
Statutory & Compliance	443	162,094	366	210	65,123	310	(233)	(96,971)	(56)
Strategy & Planning	138	51,700	375	120	38,457	320	(18)	(13,243)	(54)
Operations	61	22,335	368	26	5,307	204	(35)	(17,028)	(164)
Tax & VAT	39	24,770	634	69	40,458	586	30	15,688	(47)
<b>Grand Total</b>	<b>1,383</b>	<b>443,335</b>	<b>320</b>	<b>954</b>	<b>297,889</b>	<b>312</b>	<b>(429)</b>	<b>(145,446)</b>	<b>(8)</b>

## **Our time charging policy and hourly rates**

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already work on these administrations or who are likely to work on them in future.

<b>Partner</b>	690 / (910)	850 / (955)
<b>Director</b>	595 / (800)	720 / (840)
<b>Senior Manager</b>	515 / (605)	585 / (665)
<b>Manager</b>	405 / (525)	475 / (575)
<b>Senior Associate</b>	310 / (435)	390 / (465)
<b>Associate</b>	210 / (270)	245 / (297)

<b>Support Staff</b>	120 / (140)	125 / (155)
<b>Offshore Professionals</b>	210 / (210)	245 / (245)

We called on colleagues in our Tax, VAT, Real Estate and Pensions departments where we needed their expert advice. Their specialist charge-out rates varied but the following were the maximum rates by grade per hour.

<b>Partner</b>	1,520	1,600
<b>Director</b>	1,395	1,465
<b>Senior Manager</b>	1,290	1,355
<b>Manager</b>	775	815
<b>Senior Associate – Consultant</b>	575	605
<b>Associate – Assistant consultant</b>	305	325
<b>Support staff</b>	250	230

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

## Our work in the period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work conducted in the period. For work conducted in previous periods, please refer to our earlier progress reports which can be downloaded from [www.pwc.co.uk/extraenergy](http://www.pwc.co.uk/extraenergy).

<b>Debtors (EESL)</b>	<ul style="list-style-type: none"> <li>• Reviewing and amending customer communications;</li> <li>• Maintaining IT and telephone solutions;</li> <li>• Maintaining a direct debit solution;</li> <li>• Ongoing liaison with ScottishPower regarding customer credit balances;</li> <li>• Regular communication with DCAs;</li> <li>• Managing staff with regard to realisations and adherence to industry protocols;</li> <li>• Reviewing and reconciling debt collection fees paid;</li> <li>• Review and assessment of debtor collection strategy following completion of final billing process;</li> <li>• Exploring the viability of a third party debt sale;</li> <li>• Formal conclusion of debt collection process, notifying DCA's and customers; and</li> <li>• Update to case website regarding conclusion of debt collection exercise.</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Realising assets to allow a distribution to creditors</li> </ul>
<b>Credit cover (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Negotiating with credit cover suppliers; and</li> <li>• Receipt of final credit cover realisations.</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Realising assets to allow a distribution to creditors</li> </ul>

<b>Property (EESL)</b>	<ul style="list-style-type: none"> <li>• Reviewing and paying monthly rent invoices;</li> <li>• Settlement of Administrators' final business rates liability; and</li> <li>• Termination of existing lease.</li> </ul>	<ul style="list-style-type: none"> <li>• To conduct the operations of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>• No direct financial benefit but necessary for the conduct of the administrations</li> </ul>
<b>Fixtures and fittings (EESL)</b>	<ul style="list-style-type: none"> <li>• Sale of fixtures and fittings by our agents and receipt of surplus into the estate.</li> </ul>		<ul style="list-style-type: none"> <li>• Realising assets to allow a distribution to creditors</li> </ul>
<b>Other assets (UPBOL)</b>	<ul style="list-style-type: none"> <li>• Liaising with Scottish Power regarding a refund of 2 days overpayment of gas pre-appointment into UPBOL.</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Realising assets to allow a distribution to creditors</li> </ul>
<b>Insurance (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Cancelling insurance cover and liaising with brokers regarding nominal refund due back to EESL.</li> </ul>	<ul style="list-style-type: none"> <li>• To safeguard assets</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement / safeguard funds for creditors</li> </ul>
<b>Operations (EESL)</b>	<ul style="list-style-type: none"> <li>• Holding operational meetings with senior management team;</li> <li>• Authorisation of purchase orders, review and approval of costs;</li> <li>• Monitoring KPIs to enable strategic decision-making;</li> <li>• Operational wind down, including notifying all suppliers, cancelling supplier contracts, clearing leasehold properties, handing back leasehold properties, terminating phone lines and customer mailboxes and transferring to the Administrators, full data and system backup and record storage;</li> <li>• Instructing agents to clear the property and dispose of waste.</li> <li>• Confidential destruction of records.</li> </ul>	<ul style="list-style-type: none"> <li>• To conduct the operations of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>• To realise assets to enable a distribution to creditors</li> </ul>
<b>Customer matters (EESL)</b>	<ul style="list-style-type: none"> <li>• Dealing with customer queries and reviewing each account to enable resolution of issues</li> <li>• Liaising with EESL's dedicated complaints team to addressing customer queries</li> <li>• Reviewing and ensuring a robust policy for dealing with vulnerable customers</li> <li>• Notifying debt collection agencies to cancel ongoing collections;</li> <li>• Notifying Ofgem and Citizens Advice Bureau that the debt collection exercise has completed;</li> <li>• Letters to customers paying by direct debit advising them to cease payments; and</li> <li>• Agreeing processes with staff to enable future liquidators to deal effectively with customer queries going forward.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our duties as administrators</li> </ul>	<ul style="list-style-type: none"> <li>• To facilitate the realisation of book debts to allow a distribution to creditors</li> </ul>
<b>Operational receipts and payments (EESL)</b>	<ul style="list-style-type: none"> <li>• Updating financial models, reporting outcomes and periodic assessment of operational strategy;</li> <li>• Entering receipts and payments into financial models and accounting system;</li> <li>• Authorising and processing receipts, payments and journals relating to the operations;</li> <li>• Liaising with pre-appointment bankers to arrange final transfer of monies into EESL bank account;</li> </ul>	<ul style="list-style-type: none"> <li>• For the proper and secure stewardship of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>

	<ul style="list-style-type: none"> <li>• Liaising with pre-appointment bankers regarding balance of funds to retain in relation to ongoing contingent liabilities;</li> <li>• Allocating debtor receipts received from DCA's post conclusion of the formal debt collection exercise; and</li> <li>• Liaising with DCA's to obtain remittances and to establish debt collection fees deducted from debtor receipts.</li> </ul>		
<b>Employee communication (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Holding regular employee briefings;</li> <li>• Receiving and following up previous employee enquiries via telephone, post and email; and</li> <li>• Dealing with Employment Tribunal in respect of Protective Award claims.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our duties in relation to employees</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Payroll (EESL)</b>	<ul style="list-style-type: none"> <li>• Calculating and paying periodic payroll;</li> <li>• Calculating and paying PAYE/NIC deductions to HMRC and other deductions to relevant agencies and third parties, including pensions;</li> <li>• Processing furlough claims and dealing with receipts in respect of furloughed employees; and</li> <li>• Redundancy of final employees and settling final payments due under payroll.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our duties in relation to employees</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Redundancy related work (UPBOL)</b>	<ul style="list-style-type: none"> <li>• Monitoring and reviewing staffing levels;</li> <li>• Formal redundancy of remaining employees;</li> <li>• Preparing letters to newly redundant employees advising of their entitlements and options available;</li> <li>• Dealing with queries from newly redundant employees.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure adequate staffing for pursuing the objectives of the administrations</li> <li>• To discharge our duties in relation to employees</li> </ul>	<ul style="list-style-type: none"> <li>• For the cost effective running of the administrations and preservation of creditors' funds</li> <li>• Statutory requirement</li> </ul>
<b>Pensions (UPBOL)</b>	<ul style="list-style-type: none"> <li>• Complying with statutory pensions obligations; and</li> <li>• Calculating contributions and requesting payments to the relevant scheme or policy.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our obligations in respect of pensions</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Creditor enquiries (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Dealing with creditor enquiries via telephone, email and post;</li> <li>• Preparing and issuing correspondence to creditors and their representatives;</li> <li>• Receipting and filing proofs of debt</li> <li>• Dealing with creditor disputes;</li> </ul>	<ul style="list-style-type: none"> <li>• To keep creditors informed of the progress of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Secured creditors (EESL)</b>	<ul style="list-style-type: none"> <li>• Continuing to work with solicitors to assess the validity of EEG's and EEHCL's security; and</li> <li>• Receipt of proof of debts from EEG and EEHCL and obtaining advice from our lawyers.</li> </ul>	<ul style="list-style-type: none"> <li>• To account for secured claims correctly and to calculate return to all creditors accurately</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Unsecured claims (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Receipting proofs of debt and maintaining register;</li> <li>• Requesting supporting documentation in relation to a number of larger claims;</li> <li>• Liaising with retained Company staff to discuss the level validity of claims received in principle;</li> <li>• Detailed reconciliation of claims received to date;</li> <li>• Formal commencement by the</li> </ul>	<ul style="list-style-type: none"> <li>• To account for all unsecured claims</li> <li>• To begin agreeing claims in principle</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>

	<p>Administrators of unsecured claims agreement including admitting, rejecting and requesting further information in respect of claims; and</p> <ul style="list-style-type: none"> <li>• Reviewing the inter-company creditor position and submitting a formal claim from EESL in UPBOL for adjudication.</li> </ul>		
<b>Customer credit balances (EESL)</b>	<ul style="list-style-type: none"> <li>• Liaising with ScottishPower to provide customer credit balance information in order to assist them with issuing customer refunds.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our duties in respect of credit balance customers</li> </ul>	<ul style="list-style-type: none"> <li>• Financial benefit to customers</li> </ul>
<b>Key stakeholder communications (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Regular contact with Ofgem; and</li> <li>• Liaising with Citizens' Advice Bureau with regards to customer matters.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our duties as administrators</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Investigations (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Liaising with the Department for Business, Energy &amp; Industrial Strategy in respect of our CDDA submission, as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our duties as administrators</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Progress reports (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Preparing and issuing our fourth progress report to creditors, members and the Registrar; and</li> <li>• Planning for the preparation of our fifth and final progress report to creditors, members and the Registrar.</li> </ul>	<ul style="list-style-type: none"> <li>• To keep creditors informed of the progress of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Other statutory and compliance (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Responding to Data Subject Access Requests;</li> <li>• Convening a decision procedure to creditors of the Companies to seek an increase to the Administrators initial fee estimates;</li> <li>• Preparing and documenting formal outcome of the decision procedure;</li> <li>• Seeking nominations for a creditors' committee;</li> <li>• Reviewing, allocating and filing case post as appropriate;</li> <li>• Appointee statutory reviews.</li> </ul>	<ul style="list-style-type: none"> <li>• Obligation under General Data Protection Rules, and for efficient management of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Corporation tax (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Preparing and submitting corporation tax returns for p.e 31 December 2019;</li> <li>• Liaising with HMRC in respect of the above; and</li> <li>• Finalising the position regarding the requirement for a senior accounting officer and documenting decisions on other tax governance.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our tax obligations and recover funds where possible</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>VAT (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Preparing and submitting VAT returns</li> <li>• Liaising with HMRC on general compliance matters;</li> <li>• Reconciling VAT position through pre administration bank accounts and post appointment bank accounts;</li> <li>• Reviewing the VAT implications of proposed future strategies in respect of book debts;</li> <li>• Preparing an adjustment in respect of a number of previously reported supplies;</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our VAT compliance obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>



	<ul style="list-style-type: none"> <li>• Chasing HMRC in relation to refunds;</li> <li>• Seeking specialist VAT advice in relation to expediting the recovery of VAT due to EESL from HMRC;</li> <li>• Considering timings for de-registering for VAT on EESL.</li> </ul>		
<b>CCL (EESL)</b>	<ul style="list-style-type: none"> <li>• Liaising with the CCL team in respect of future payments;</li> <li>• Review of CCL implications of proposed strategy in respect of book debts sale; and</li> <li>• Seeking specialist VAT advice in respect of expediting the recovery of CCL refunds due to EESL from HMRC.</li> </ul>	<ul style="list-style-type: none"> <li>• To discharge our compliance obligations in respect of indirect taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Closure/exit routes</b>	<ul style="list-style-type: none"> <li>• Preparation for moving the Companies to CVL, including internal acceptance procedures, documenting statutory grounds for the move to CVL;</li> <li>• Seeking internal clearances pre-move to CVL (tax, VAT and Pensions); and</li> <li>• Preparation of the Administrators' final progress report in administration.</li> </ul>		
<b>Strategy and planning (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Preparing budgets and monitoring costs;</li> <li>• Updating estimated outcome statements;</li> <li>• Issuing administration fee bill</li> <li>• Reviewing administration strategy and making adjustments as necessary;</li> <li>• Holding team meetings to review status of the administrations;</li> <li>• Conducting six monthly case reviews</li> <li>• Filing of documents on approved systems of record; and</li> <li>• Updating case checklists and diary management system.</li> </ul>	<ul style="list-style-type: none"> <li>• For the effective management of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>• Minimising the costs of the administrations</li> </ul>

## Our future work in the liquidation

We still need to do the following work in liquidation.

<b>Debtors (EESL)</b>	<ul style="list-style-type: none"> <li>• Coding any final receipts from debtors (to the extent received by DCA's); and</li> <li>• Residual complaints investigation and resolution with customers to be completed by Liquidators' staff.</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Direct financial benefit to creditors</li> </ul>
<b>Insurance (EESL)</b>	<ul style="list-style-type: none"> <li>• Receipt of final credit balance into liquidation following cancellation of insurance in administration.</li> </ul>	<ul style="list-style-type: none"> <li>• To safeguard assets</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory requirement</li> </ul>
<b>Other assets (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>• Formally lodging and adjudicating on an unsecured claim from EESL in UPBOL's estate and receipting of any dividend;</li> <li>• Receipt of overpayment of two days gas from Scottish Power into UPBOL; and</li> <li>• Liaising with pre-appointment bankers in relation to balance retained to deal with</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Financial benefit to creditors</li> </ul>

	contingent liabilities and receiving any surplus into the EESL estate.		
<b>Operations (EESL)</b>	<ul style="list-style-type: none"> <li>Settling any final liabilities from suppliers in relation to operations.</li> </ul>	<ul style="list-style-type: none"> <li>To help conduct the operations in order to realise book debts</li> </ul>	<ul style="list-style-type: none"> <li>Maximising realisations for creditors</li> </ul>
<b>Customer matters (EESL)</b>	<ul style="list-style-type: none"> <li>Dealing with any remaining customer queries/ DSAR requests and billing queries from customers; and</li> <li>Updating the liquidation website with customer communications as necessary.</li> </ul>	<ul style="list-style-type: none"> <li>To discharge our duties in respect of customers</li> </ul>	<ul style="list-style-type: none"> <li>Collecting funds to allow a distribution to creditors</li> </ul>
<b>Operational receipts and payments (EESL)</b>	<ul style="list-style-type: none"> <li>Transfer any indemnity surplus from pre-administration bank account to post appointment bank account if residual funds remain.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures proper and secure stewardship of funds</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Creditor enquiries (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Dealing with creditor enquiries via telephone, email and post;</li> <li>Preparing and issuing correspondence to creditors and their representatives.</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed of the progress of the administrations</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Secured creditors (EESL)</b>	<ul style="list-style-type: none"> <li>Continuing to work with solicitors to assess the validity of security of EEG and EEHCL</li> <li>Issuing communications to secured creditors as required;</li> <li>Responding to secured creditors' queries as necessary.</li> </ul>	<ul style="list-style-type: none"> <li>To establish correct allocation of dividends</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Unsecured claims (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Receipting proofs of debt and maintaining register;</li> <li>Preparing correspondence to potential creditors inviting lodgment of proofs of debt;</li> <li>Continuation of claim adjudication, including requesting further information from creditors;</li> <li>Updating and maintaining a record of the projected dividend level to creditors;</li> <li>Preparing correspondence to claimants advising outcome of adjudication and advising of intention to declare dividend;</li> <li>Advertising intention to declare dividend;</li> <li>Calculating dividend rate (Prescribed Part and Ordinary unsecured dividend) and preparing dividend file;</li> <li>Preparing and paying unsecured dividend; and</li> <li>Dealing with unclaimed dividends and transferring uncashed dividends to the Insolvency Service Unclaimed Dividend Account.</li> </ul>	<ul style="list-style-type: none"> <li>To discharge our duties in respect of unsecured creditors</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement and direct financial benefit to creditors</li> </ul>
<b>Creditors' committee (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>If necessary, establishing a creditors' committee and holding meetings; and</li> <li>Conducting ongoing correspondence with members of the committee if one is formed</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed of progress</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Investigations (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>If required, liaising with the Department for Business, Energy &amp; Industrial Strategy in respect of our CDDA submission.</li> </ul>	<ul style="list-style-type: none"> <li>To discharge our duties</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>

<b>Progress reports and extensions (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Preparing and issuing annual progress reports to creditors, members and the Registrar of Companies in liquidation.</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed of progress</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Meetings (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Issuing any notices and associated documentation for seeking any future decisions of creditors as required.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure proper approval is obtained for certain decisions</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Books and records (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Dealing with records in storage, including retrieval of information where necessary.</li> </ul>	<ul style="list-style-type: none"> <li>To safeguard company information</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Conversion to CVL (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Preparing and issuing notice of move to CVL to the Registrar of Companies; and</li> <li>Setting up internal case systems and files for the CVLs.</li> </ul>	<ul style="list-style-type: none"> <li>To allow a distribution to be made to unsecured creditors</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Other statutory and compliance (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Responding to any further Data Subject Access Requests; and</li> <li>Reviewing, allocating and filing case post as appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure proper management of the liquidations</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Corporation tax (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Preparing and issuing periodic tax returns;</li> <li>Liaising with HMRC in respect of the above;</li> <li>Request for corporation tax clearance prior to case closure.</li> </ul>	<ul style="list-style-type: none"> <li>To discharge our tax compliance obligations</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>VAT (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Preparing and submitting periodic VAT returns</li> <li>Dealing with VAT enquiries;</li> <li>Liaising with HMRC in relation to refunds due;</li> <li>De-registration of EESL for VAT purposes;</li> <li>Reclaiming VAT due back from HMRC post de-registration on both EESL and UPBOL.</li> </ul>	<ul style="list-style-type: none"> <li>To discharge our VAT compliance obligations</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>CCL (EESL)</b>	<ul style="list-style-type: none"> <li>Liaising with HMRC regarding environmental taxes;</li> <li>Continuing to submit bad debt relief claims or adjustments in respect of CCL; and</li> <li>Receipt of remaining CCL funds due to the Company.</li> </ul>	<ul style="list-style-type: none"> <li>To discharge our compliance obligations in respect of indirect taxes</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>
<b>Strategy and planning (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Monitoring costs of the CVL's;</li> <li>Updating estimated outcome statements;</li> <li>Issuing fee bills in relation to the liquidations and former administrations;</li> <li>Reviewing liquidation strategy and making adjustments as necessary;</li> <li>Holding team meetings to review status of the liquidations;</li> <li>Conducting six monthly case reviews;</li> <li>Filing of documents on approved systems of record; and</li> <li>Updating case checklists and diary management system;</li> </ul>	<ul style="list-style-type: none"> <li>For the effective management of the liquidations</li> </ul>	<ul style="list-style-type: none"> <li>Minimising the costs of the administrations to maximise return to creditors</li> </ul>
<b>Accounting and treasury (EESL/UPBOL)</b>	<ul style="list-style-type: none"> <li>Closure of administration bank accounts and transfer of funds to newly set up liquidation bank accounts;</li> <li>Dealing with non-operational receipts, payments and journals;</li> </ul>	<ul style="list-style-type: none"> <li>For the proper and secure stewardship of funds</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>

- Carrying out bank reconciliations and managing investment of funds;
- Corresponding with bank regarding specific transfers;
- Closing bank accounts at the end of liquidation.

#### **Closure procedures (EESL/UPBOL)**

- Obtaining clearances from third parties;
  - Preparation and issue of Joint Liquidators' final report and move to dissolution;
  - Completing checklists and diary management system;
  - Closing down internal systems; and
  - Completing internal case files.
- To ensure orderly closure of the liquidations
  - Statutory requirement

## **Payments to associates**

With effect from 1 April 2021, SIP 9 was amended to require creditors' approval for payments to a party who could be perceived to be an associate of the administrators, and increased disclosure requirements. There have been no payments made to an associate or anyone who could reasonably be assumed to be an associate from either of the Companies since 1 April 2021.

In EESL, arrangements were put in place in a prior reporting period to retain the services of a former employee of PwC who had knowledge, skills and experience relevant to the Companies' administrations, to oversee the Companies' operations. This assignment was initially on a full time basis and included compensation linked to performance and retention payable at the end of the assignment. We consider the engagement was beneficial to the conduct of the administrations as it ensured knowledge was retained and was less costly than the role being performed by a senior member of the administrators' staff. During this reporting period the engagement ended, with payments of £31,886 being made in the period under the engagement.

## **Our relationships**

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

## **Details of subcontracted work**

The following work, which we or our staff would normally do, has been done by subcontractors during the period covered by this report.

<b>Payroll processing</b>	Sage UK Ltd Outsource Services	Industry knowledge	Time costs and disbursements
<b>Processing debt collection communications</b>	Teleperformance	Industry knowledge	Time costs and disbursements
<b>Document production</b>	Mitie Group Plc	Regular supplier to the Administrators' firm	Fixed fee per sheet printed / copied
<b>Provision of office space and office services</b>	IW Group Services (UK) Ltd	Industry knowledge	Fixed fee per month and/or service provided

<b>Document storage</b>	Iron Mountain Ltd	Industry knowledge	Fixed fee per box
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## Legal and other professional firms

We've instructed the following professionals during the period covered by this report:

<b>Legal services</b>	Gateley Plc	Industry knowledge	Time costs and disbursements
	Eversheds Sutherland LLP		
<b>Insurance</b>	AUA Insolvency Risk Services	Insolvency expertise	Standard statistical calculations
<b>IT support</b>	Consult Energy	Industry knowledge	Time costs and disbursements
			Fixed fee
<b>Technical support</b>	Electro Comm Digital Services Limited	Industry knowledge	Time costs and disbursements
<b>Billing services</b>	Arlington Coney Ltd	Industry knowledge	Time costs and disbursements
<b>Payment services</b>	Allpay Ltd	Industry knowledge	Cost per transaction
	First Data		
<b>Debt collection</b>	Wilkin Chapman LLP	Industry knowledge	Time costs and disbursements
	Credit Style		Commission

We require that all third party professionals to submit time costs analyses and narratives in support of invoices rendered. We undertake the following steps to review professional firms' costs:

- Review amounts charged against the description of work undertaken and the circumstances of the case;
- Seek further breakdown of costs and detail of work undertaken where necessary; and
- Review invoices against any existing fee agreements with the suppliers.

We are satisfied that the amounts incurred to date are reasonable in the circumstances of the case.

## **EESL**

The following costs incurred before our appointment with a view to EESL going into administration were approved for payment as an expense of the administration on 9 September 2019 and were paid during the administration.

Fees charged by the administrators	240,156
Expenses incurred by the administrators	10,921
<b>Total</b>	<b>251,077</b>

## **UPBOL**

The following costs incurred before our appointment with a view to UPBOL going into administration were approved for payment as an expense of the administration on 9 September 2019 and were paid during the administration.

Fees charged by the administrators	12,640
Expenses incurred by the administrators	575
<b>Total</b>	<b>13,215</b>

## **EESL**

**Court details for the administration:** High Court of Justice Business and Property Courts in Birmingham  
Insolvency & Companies List (ChD) Case 8325 of 2018

<b>Company's registered name:</b>	Extra Energy Supply Limited
<b>Trading name:</b>	Extra Energy
<b>Registered number:</b>	08053154
<b>Registered address:</b>	Level 8, Central Square, Wellington Street, Leeds, LS1 4DL
<b>Company directors:</b>	Mordechay Ben-Moshe
<b>Company secretary:</b>	Neil Dodds
<b>Shareholdings held by the directors and secretary:</b>	None
<b>Date of the Joint Administrators' appointment:</b>	4 December 2018
<b>Joint Administrators' names, addresses and contact details:</b>	David Matthew Hammond – 1 Chamberlain Square, Birmingham, B3 3AX Edward Williams - 1 Chamberlain Square, Birmingham, B3 3AX (from 4 January 2021)  Michael Thomas Denny – 1 Chamberlain Square, Birmingham, B3 3AX (4 December 2018 to 4 January 2021) Ian David Green – 7 More London Riverside, SE1 2RT (4 December 2018 to 19 December 2019)  Telephone: 0113 289 4000
<b>Appointer's/ applicant's name and address:</b>	Director: Mordechay Ben-Moshe – 54 Hagley Road, Birmingham, B16 8PE
<b>Objective being pursued by the Administrators:</b>	(B) 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)
<b>Division of the Administrators' responsibilities:</b>	In relation to paragraph 100(2) Sch 1 IA86, during the period for which the administration is in force, any function to be exercised by the persons appointed to act as administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
<b>Regulation (EU) 2015/848 of the European Parliament and the Council of 20 May 2015 on Insolvency Proceedings (recast):</b>	The Regulation applies to this administration and the proceedings are main proceedings

## **UPBOL**

<b>Court details for the administration:</b>	High Court of Justice Business and Property Courts in Birmingham Insolvency & Companies List (ChD) Case 8340 of 2018
<b>Company's registered name:</b>	Utility Professional Business Operations Limited
<b>Trading name:</b>	Extra Energy
<b>Registered number:</b>	08656255
<b>Registered address:</b>	Level 8, Central Square, Wellington Street, Leeds, LS1 4DL
<b>Company directors:</b>	Mordechay Ben-Moshe
<b>Company secretary:</b>	Neil Dodds
<b>Shareholdings held by the directors and secretary:</b>	None
<b>Date of the Joint Administrators' appointment:</b>	4 December 2018
<b>Joint Administrators' names, addresses and contact details:</b>	David Matthew Hammond – 1 Chamberlain Square, Birmingham, B3 3AX Edward Williams - 1 Chamberlain Square, Birmingham, B3 3AX (from 4 January 2021)  Michael Thomas Denny –1 Chamberlain Square, Birmingham, B3 3AX (4 December 2018 to 4 January 2021) Ian David Green – 7 More London Riverside, SE1 2RT (4 December 2018 to 19 December 2019)  Telephone: 0113 289 4000
<b>Appointer's/ applicant's name and address:</b>	Director: Mordechay Ben-Moshe – 54 Hagley Road, Birmingham, B16 8PE
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<b>Regulation (EU) 2015/848 of the European Parliament and the Council of 20 May 2015 on Insolvency Proceedings (recast)</b>	The Regulation applies to this administration and the proceedings are main proceedings