

# AM10

## Notice of administrator's progress report



Companies House

TUESDAY



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04/07/2017

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COMPANIES HOUSE

### 1 Company details

Company number 0 8 5 0 0 8 4 2

Company name in full GB Energy Supply Limited

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Francis Graham

Surname Newton

### 3 Administrator's address

Building name/number 6th Floor Central Square

Street

Post town 29 Wellington Street

County/Region Leeds

Postcode L S 1 4 D L

Country

### 4 Administrator's name <sup>①</sup>

Full forename(s) Antony David

Surname Nygate

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address <sup>②</sup>

Building name/number 55 Baker Street

Street

Post town London

County/Region

Postcode W 1 U 7 E U

Country

② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

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### Period of progress report

From date	d	0	d	6	m	1	m	2	y	2	y	0	y	1	y	6
To date	d	0	d	5	m	0	m	6	y	2	y	0	y	1	y	7

7

### Progress report

☒ I attach a copy of the progress report

8

### Sign and date

Administrator's  
signature

Signature

X



X

Signature date

d	0	d	3	m	0	m	7	y	2	y	0	y	1	y	7
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# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	James Kershaw
Company name	BDO LLP
Address	6th Floor Central Square
Post town	29 Wellington Street
County/Region	Leeds
Postcode	L S 1 4 D L
Country	
DX	
Telephone	01132 443 839



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

**All information on this form will appear on the public record.**



### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

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



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](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)**

3 July 2017

Our Ref: 009310/FGN/PH/JK/A6

Please ask for James Kershaw  
Tel: 0113 290 6162  
Email: james.kershaw@bdo.co.uk**TO ALL CREDITORS**

Dear Sirs

**GB Energy Supply Limited - In Administration ("the Company")**

We refer to our appointment as Joint Administrators of the Company on 6 December 2016.

In accordance with Rule 18.6 of the Insolvency (England and Wales) Rules 2016 ("the Rules") we write to provide an update on our progress in implementing our approved proposals and achieving the statutory purpose of the Administration for the period 6 December 2016 to 5 June 2017 ("the Reporting Period").

Please note that this report should be read in conjunction with our proposals, issued on 21 December 2016.

**1 Statutory Information**

The Joint Administrators are Francis Graham Newton (officeholder number: 9310) of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and Antony David Nygate (officeholder number: 9237) of BDO LLP, 55 Baker Street, Marylebone, London, W1U 7EU.

We were appointed Joint Administrators of the Company on 6 December 2016. Under the provisions of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 we carry out our functions jointly and severally and neither Administrator has exclusive power to exercise any function.

We were appointed by the directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division, Leeds District Registry and the court case number is 1127 of 2016.

The Company's registered office is situated at Central Square, 29 Wellington Street, Leeds, LS1 4DL and the registered number is 08500842.

## 2 Joint Administrators' receipts and payments account

We enclose a summary of our receipts and payments for the Reporting Period and cumulative position as at 5 June 2017.

Although our receipts and payments are largely self-explanatory, we comment specifically on the following:

### Receipts

#### *Sale of certain business assets*

A sale of certain business assets was agreed with Co-Operative Energy ("Co-Op") immediately following our appointment on 6 December 2016.

A summary of the consideration received and a brief explanation of the assets sold is provided below:

	Sale price
	£
Customer debts and accrued income	1,550,000
Tangible assets	8,500
The business name "GB Energy Supply"	1
Business rights; the trade or business right domains, email addresses etc	1
Goodwill including customer information and data	1
Intellectual property including any and all trademarks, databases etc.	1
Transferred records	1
Total	<u>1,558,505</u>

#### *Customer debts and accrued income*

The customer debts and accrued income relate to debts due from customers of the Company as at 30 November 2016. This category excluded any debts due from customers (either billed or unbilled) that had completed the process of switching their supply away from the Company prior to 30 November 2016 (being the date that the Company's customers transferred to Co-Op).

#### *Tangible assets*

Tangible assets represent the Company's furniture and fittings, and IT Equipment. These had been independently valued by professional valuers, Richmond Asset Advisory.

#### *Leasehold property*

A licence to occupy the Company's premises was agreed with Co-Op so that operations from the leasehold property at 842-844 Garstang Road, Barton, Preston, could continue from 6 December 2016 to 28 February 2017 (being the date that the Company's lease expired).

Co-Op paid £2,655 in respect of the costs connected with the licence to occupy agreement. This was slightly less than anticipated in our proposals as Co-Op did not occupy the premises for a full quarter.

### ***Security deposits***

The Company provided various industry creditors with security deposits totalling £2,529,322 (this has reduced slightly from the figure in our proposals following the completion of a reconciliation of the deposits by the Company's accounts team).

Supported by our solicitors, we have corresponded with all of the creditors holding deposits and have attempted to recover the money held by them. However, given the nature and terms and conditions of the agreements with these creditors the deposit holders have established that they are entitled to set-off the security deposits against monies owing to them.

The table below provides a summary of the deposits held and unsecured claims received in the Administration, together with details of funds realised:

<b>Security</b>	<b>Security Deposit £</b>	<b>Unsecured claim £</b>	<b>Funds received £</b>
Electricity North West	201,000.00	379,212.50	0.00
Elexon	70,000.00	585,640.80	0.00
EMR Settlements	8,500.00	15,332.69	0.00
EMR Settlements (Low Carbon CC)	50,000.00	25,725.97	20,000.00
National Grid Transmission	1,582,298.16	1,503,676.14	0.00
Northern Gas Networks	1,000.00	0.00	1,000.00
Northern Powergrid (Northeast) Ltd	63,500.00	212,610.27	0.00
Northern Powergrid (Yorkshire) Ltd	37,500.00	308,746.12	0.00
Smart DCC	126,377.00	117,115.70	9,261.30
SP Distribution	60,783.54	379,855.17	0.00
SP Manweb	143,362.90	456,468.33	0.00
Scottish Hydro Electric Power Distribution	35,000.00	340,797.78	0.00
Western Power Distribution	150,000.00	772,253.90	0.00
<b>Total</b>	<b>2,529,321.60</b>	<b>5,097,435.37</b>	<b>30,261.30</b>

The claim received from National Grid Transmission is provisional at this time as charges continue to be reconciled in relation to the period prior to 30 November 2016. National Grid Transmission has stated that it will not be able to submit a final claim against the Company until February 2018.

Funds realised to date total £30,261.30 and, with the exception of a potential further £4,274.03 from EMR Settlements (Low Carbon CC), future realisations are uncertain at this time.

### ***Debtors and accrued income for customers who left prior to the SOLR***

As part of the sale of assets, Co-Op acquired customer debts and accrued income in respect of debts due from former customers as at 30 November 2016.

The Company's records indicated that approximately 12,000 customers were considered to have left, and sought an alternative energy supplier, prior to 30 November 2016 and that these former customers had debts due to the Company totalling c£1.55m ("the Excluded Debts") categorised as follows:

Billed	c£1.00m
Unbilled	c£0.55m
Total	<u>c£1.55m</u>

The unbilled element of c£550,000 was uncertain because it was the Company's estimate of the value of gas and electricity consumed by customers and was not based on actual meter readings.

Furthermore, a significant proportion of total balance was identified only as "the occupier" (billed £319,000 and unbilled £14,000) potentially making it difficult to identify the actual debtor.

Despite negotiations, during January 2017, we were unable to agree a sale of the Excluded Debts to Co-Op. As a result we were left with no alternative but to prepare for and subsequently launch a debt collection exercise.

Given the significant number and aging of the outstanding debts (pre 30 November 2016), plus the regulatory, administrative and logistical challenges of undertaking such an exercise, we were keen to identify and establish an appropriate and efficient debt collection process.

As such, we concluded that a debt collection process undertaken by an experienced specialist would be the most appropriate strategy.

We researched the market and identified several debt collection firms who were invited to submit proposals for collecting the Excluded Debts. However, a number of the firms declined the invitation on the basis that the assignment was uncommercial from their point of view primarily due to the average debt being in the region of c£130 per debtor.

After evaluating all of the options we appointed Corporate Debt Solutions Global Limited ("CDS") to undertake the exercise because they provided the most competitive proposal, had industry expertise and set out an approach that was appropriate for the circumstances

CDS commenced the collection of the Excluded Debts on our behalf on 3 March 2017.

To facilitate the debt collection process, we have worked with Co-Op (and their retained customer account management service provider) to access and analyse customer data in respect of the Excluded Debts to reconcile the ledger to the most accurate position possible.

Following the conclusion of this review, a revised ledger for Excluded Debts was calculated, as at 30 November 2016, which comprised 10,637 accounts with a balance outstanding of £1.33m being £967k (billed) and £367k (unbilled).

The table below summarises total realisations to date in respect of the Excluded Debts:

Funds held by		£	Comments
i)	Joint Administrators	83,825.10	See receipts and payments account
ii)	CDS	49,298.00	See below
iii)	Co-Op	178,333.17	See below
iv)	Barclaycard Merchant Services ("BMS")	18,145.83	See below
Total		<u>329,602.10</u>	

We provide additional information in respect of debtor realisations to date below:

*i) Funds held by Joint Administrators*

Funds collected by CDS on our behalf which have been paid directly into a specially designated bank account amount to £83,825.10.

*ii) Funds held by CDS*

CDS has collected certain outstanding accounts due from customers by debit or credit card payment. This amount totals £49,298 and is subject to CDS's collection costs as noted below. The funds are presently held by CDS and will be transferred to us shortly.

*iii) Funds held by Co-Op*

Between the date of our appointment and the end of March 2017 certain former customers paid outstanding balances that were due to the Company to Co-Op in error.

In order to identify these payments a team of two of our staff and CDS have worked with a team from Co-Op over a four to five week period to undertake a full reconciliation of the Excluded Debts on a line by line basis across all 10,637 accounts. The reconciliation has considered all movements on the customers' accounts and has enabled payments received by direct debit, credit card, cash/cheque and those paid to BMS to be identified.

Whilst the reconciliation of accounts has been time consuming, on completion, we have identified payments made to Co-Op totalling £175,656.59 that relate to Excluded Debts. This reconciliation has been agreed with Co-Op and the funds will be transferred to us shortly.

Since the full reconciliation was completed further debtor receipts of c£3,000 have been paid to Co-Op and this amount will also be transferred to us shortly.

*iv) Funds held by BMS*

Prior to our appointment, customers were able to settle their accounts by credit/debit card via facilities agreed between the Company and BMS. Following our appointment BMS continued to accept receipts from former customers and also receipts from customers



who were settling debts that were due to Co-Op (notwithstanding that there was no merchant facilities agreement in place between Co-Op and BMS).

The BMS facility was terminated on 20 January 2017 by which time BMS had collected £241,998.99. These funds have been analysed as part of the reconciliation process undertaken on the Excluded Debts accounts and we have identified that £18,145.83 of the funds paid to BMS relate to the Excluded Debts with the balance relating to Co-Op accounts.

BMS has agreed to release the funds held, subject to payment of an administration charge of £2,000 and the provision of an indemnity in respect of future chargebacks. Co-Op has agreed to provide the indemnity to BMS, the terms of which are currently being negotiated, and we anticipate receiving the funds shortly.

### ***Cash at bank***

At the date of our appointment, the Company had cash at bank of £2,571,473.

Immediately following our appointment, we received £2,507,081 from Barclays Bank Plc ("the Bank") after the deduction of outstanding credit card balances and charges under the Company's facilities. The balance of funds (£50,000) was retained by the Bank to meet potential future chargebacks on the merchant services facility.

Chargebacks on the BMS facility to the end of February 2017 totalled £1,357. As a result, the Bank agreed to release a further £45,000, with the Bank retaining £5,000 to settle the chargebacks received to date and a provision for potential future chargebacks.

It is uncertain whether further realisations will be made at this stage from the remaining balance of £3,643 which is being retained by the Bank.

### ***Cash in transit - First Capital Cashflow Finance Limited ('FCCFL')***

The Company had an agreement with FCCFL to collect customer payments by direct debit on its behalf ("the Agreement").

At the date of our appointment, FCCFL was holding c£1.8m of customer payments on behalf of the Company.

Immediately on our appointment we contacted FCCFL to attempt to secure release of the funds. However, under the terms of the Agreement, FCCFL are entitled to retain the balance held for a period of 12 months in order to cover any potential exposure relating to customer chargebacks. In addition, the Agreement provided for a minimum term of 12 months and required the Company to provide FCCFL with three months' notice of termination. The Company was only ten months through the minimum contractual term and under the terms of the Agreement, FCCFL were entitled to deduct charges relating to the remaining two month contractual term together with three months' notice period from the funds held.

We undertook a detailed review of the Agreement and consulted with our solicitors, Addleshaw Goddard LLP ("AG"), prior to entering into negotiations with FCCFL to secure the early release of the funds.

Following negotiations, we successfully secured the early release of funds totalling £1,469,898 after the deduction of the monies due to FCCFL of £364,475 as detailed below:

	£
Facility/ termination charges	289,452
Legal fees	8,100
Indemnity claims	66,923
<b>Total</b>	<b><u>364,475</u></b>

We attempted to negotiate a reduction in the termination charges for the facility but FCCFL were not prepared to waive any part of this charge. There will be no further realisations in this matter.

#### ***Forward commodity contracts***

We have successfully recovered £220,861 from CF Partners Limited (£197,743) and Energy 24 Limited (£23,119) in respect of monies due to the Company for forward purchased gas and electricity contracts.

#### ***Miscellaneous refunds***

Funds of £4,942 were paid into the Company's pre-appointment bank account following our appointment. These funds have been transferred to us by the Bank.

#### ***Renewable Obligation Certificates ("ROCS")***

At the date of appointment, the Company held 2,525 ROCS which, in accordance with the directors' statement of affairs, were estimated to realise £90,900.

In order to realise value for the ROCS we contacted Ofgem in order to obtain access to the Company's ROCS registry and, following a review of the ROC market and disposal options, instructed NFPAS Limited ("NFPAS") (Renewable Obligation Certificate auctioneers) to sell the Company's ROCS on our behalf.

The ROCS were entered into an auction held on 23 March 2017 and were sold for a combined consideration of £117,918.

#### ***Payments***

##### ***Leasehold property rent***

Leasehold rent totalling £1,900 has been paid to the landlord of the Company's leasehold property for the period of use by Co-Op from 6 December 2016 to 28 February 2017.

#### ***NFPAS***

NFPAS has been paid £1,263 in respect of their costs for selling the Company's ROCS.

### ***Customer information & billing***

The Company employed an independent third party, Junifer Systems Limited, who provided the Company's customer accounts platform which prepared and issued bills to customers.

A payment of £2,550 was made to Junifer in order to secure copies of key customer information required to enable us to reconcile the debtor's ledger and undertake the debtor collection exercise.

## **3 Remaining unrealised assets**

### ***Excluded Debts***

There remains c£550,000 due to the Company with an average account balance of £157. Of the balance outstanding c£250,000 relates to accounts addressed to "the occupier".

The debt collection process is continuing, however, the quantum of future realisations is uncertain at this time.

### ***GB Metering Services Limited ('GBMSL')***

As advised in our proposals, GBMSL is a wholly owned subsidiary of the Company.

We have been liaising with several interested parties with a view to a potential sale of the Company's shares.

Any sale will however be subject to those parties completing their due diligence, which is currently on-going.

### ***Prepayments***

As advised in our proposals, the Company's books and records showed pre-payments of c£4.3m at the date of appointment.

We were advised by the Company's accounts team that a significant element related to the prepayment of gas and electricity commodities consumed in October and November 2016 which had not been billed to the Company when our proposals were prepared. These invoices were subsequently received and the Company's accounting records were updated accordingly.

As a result, and in accordance with the directors' statement of affairs prepared on 27 December 2016, pre-payments were estimated to be £211,898. This related to computer system costs, metering costs and advertising costs.

Given the above, there is no prospect of any recovery of prepayments in this matter.

### ***VAT Refund***

The directors' statement of affairs showed a potential VAT refund due to the Company of c£1,600,000.

Having finalised the Company's VAT return for the period up to the date of our appointment, it appears that the Company is due a refund of c£1,300,000.

The refund is however potentially subject to Crown set-off against monies owed by the Company to other Crown departments.

We are liaising with HM Revenue & Customs in respect of any potential refund that may be due, however, given the above the amount and timing of any potential refund is uncertain at this stage.

#### **4 Investigation**

We have a statutory duty to investigate the affairs of the Company and also the conduct of the directors, and in this latter respect, to submit a confidential statutory report to the Secretary of State. We can confirm that a report has been submitted to the Secretary of State.

We have also completed our review of the Company's affairs and assets to establish whether there are any actions that can be investigated for the benefit of the creditors. Based on the Company's records, we have identified a payment made by the Company to a connected company in the lead up to our appointment which may be classed as a preferential payment under Section 239 of the Insolvency Act 1986.

We believe that the preference claim is a strong claim and we are pursuing recovery of the funds paid with the assistance of our solicitors.

Due to the commercial sensitivity surrounding this potential asset recovery, we are not in a position to disclose any further details at this stage.

#### **5 Future of the Administration**

Based on current information, we estimate that the Company will move from Administration to Creditors' Voluntary Liquidation ("CVL") pursuant to our approved proposals, as agreed by the Company's creditors on 17 January 2017, and paragraph 83 of Schedule B1 to the Insolvency Act 1986.

Following the conversion to CVL, it will be the role of the Joint Liquidators to review, verify and agree unsecured creditor claims for dividend purposes.

#### **6 Prospects for creditors**

##### ***Secured creditors***

There are no secured creditors in the Administration.

##### ***Preferential creditors***

The only preferential claims that we are aware of are unpaid pension contributions for November 2016 which are estimated to be in the region of £1,600.

Based on current information, preferential creditor claims will be paid in full.

### ***Prescribed Part***

Section 176A of the Insolvency Act 1986, states that, after 15 September 2003, where a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available solely for the unsecured creditors.

Given that the Company has not granted a floating charge to any creditor after 15 September 2003 the Prescribed Part will not apply in this Administration.

### ***Unsecured creditors***

To date, we have received claims from unsecured creditors totalling £16,233,239. As referred above, these have not been reviewed, verified and agreed for dividend purposes.

Based on the Company's books and records, there may be additional claims from unsecured creditors of between £4m - £5m.

In addition, Co-Op has stated that they intend to submit a claim in respect of monies paid by them to former customers of the Company who had a credit balance at the time that the customers were transferred to Co-Op on 30 November 2016.

We have instructed AG to assist us in reviewing the legality of this claim because it is an extremely complex and untested area of law. Whilst the quantum of this claim is not known, and is not included in the potential claims referred above, it is understood that such a claim, if successful, could materially impact the return to unsecured creditors.

As a result we are proposing to make an application to Court for directions regarding the validity of the claim from Co-Op to ascertain whether, and if so to what extent, Co-Op can make a claim against the Company.

It is anticipated that there will be sufficient funds available to pay a dividend to the Company's unsecured creditors. This will however be subject to the level of asset realisations, professional costs and the level of agreed creditor claims admitted for dividend purposes. As such, the quantum and timing of any dividend is uncertain at this stage.

## **7 Pre appointment costs**

We can confirm that pre appointment costs were approved at a meeting of the Company's creditors held on 17 January 2017. The table below summaries the position:

Costs	Pre appointment costs (£)	Paid (£)
Joint Administrators' fees	90,313.80	90,186.55
Joint Administrators' disbursements	1,226.48	1,226.48
Legal fees	72,426.00	72,426.00
Agents fees	2,085.00	2,085.00
<b>Total</b>	<b>166,051.28</b>	<b>165,924.03</b>

## 8 Professional costs

### *Joint Administrators' time costs for the period 6 December 2016 to 5 June 2017*

We have incurred time costs of £291,788 in the Reporting Period. This relates to 1,009 hours at an average hourly rate of £289.

Please see attached our detailed time cost summary for the above period which analyses the time that has been incurred in dealing with matters arising in the Administration.

### **Joint Administrators' Remuneration**

The Joint Administrators were obliged to fix their remuneration in accordance with Rule 18.16 of the Rules. This permits remuneration to be fixed either:

- As a percentage of the assets realised and distributed; and/or
- By reference to the time the Joint Administrators and the staff have spent attending to matters in the administration; and/or
- As a set amount; and/or
- As a combination of the above.

Our remuneration has been fixed by reference to BDO LLP's normal charge out rates for the time properly incurred by us and our staff in attending to matters arising in the Administration, pursuant to our fee estimate, at a meeting of creditors held on 17 January 2017.

We enclose for your attention our fee estimate annotated with a column showing the time costs accrued in respect of each activity. Based on current information, we are likely to exceed our agreed fee estimate, however, as we anticipate taking steps to convert the Administration to Creditors' Voluntary Liquidation shortly we do not propose to request any increase in the level of our fees for the Administration at this time.

In the event that we do exceed our fee estimate, any increase to our fees will be subject to the approval of the Company's creditors.

The main variance to our fee estimate relates to dealing with Asset Realisations. The debt collection process, including completion of the full account reconciliation to identify the monies paid to Co-Op in error has been both time intensive and complicated resulting in an increase in costs. Additionally, we have been involved in weekly conference calls with CDS since the start of March 2017 in order to resolve issues as they have arisen and to ensure that the collection process has progressed effectively.

Creditors may access information setting out creditors' rights in respect of the approval of Joint Administrators' remuneration at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

To date, we have not drawn any fees on account of our time costs.

### ***Joint Administrators' disbursements***

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements.

In addition, office-holders can charge category 2 disbursements for items such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case and are therefore based on an apportionment.

As indicated in our policy statement on fees and disbursements (attached to our proposals), the method we use for calculating these expenses is on the basis of £12.50 per creditor in the first year of the Administration and £6.25 per creditor in respect of each subsequent year. At present, the Company records indicate approximately 158 creditors of the Company, meaning that the approximate category 2 disbursements in the first year would be £1,975 plus VAT.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

The Company's creditors approved a resolution for the payment of category 2 disbursements (referred above) at the meeting of creditors held on 17 January 2017.

A summary of the category 1 and 2 disbursements incurred on behalf of the Company is summarised below:

Disbursements	Category 1 (£)	Category 2 (£)
Travel costs	2,399.27	0
Press release/PR matters	1,950.06	0
Accommodation/subsistence	1,692.71	0
Insurance Bond	200.00	0
Advertising	428.83	0
Postage	0	1,975.00
<b>Total</b>	<b>6,670.87</b>	<b>1,975.00</b>

Please find attached a document that outlines the current policy of BDO LLP in respect of fees and disbursements for your information.

To date, no disbursements have been repaid.

### ***Legal fees and disbursements***

AG has been instructed by us to provide advice on the following matters:

- The validity of our appointment as Joint Administrators;
- The legality of a potential subrogated claim from Co-Op;
- The preferential payment made to a connected company prior to our appointment; and
- General ad hoc advice on day to day matters arising in the Administration.

AG have to date been paid £30,696 plus VAT and £54 plus VAT in respect of their fees and disbursements respectively.

AG has confirmed that they have unbilled time costs of £25,011 plus VAT as at 5 June 2017.

### ***Debt collection fees***

CDS' costs relating to the debt collection exercise will be calculated as follows:

- Monthly retainer of £7.4k (plus VAT); and
- 20% commission on debtor realisations on a "no win no fee" basis.

To date, the work undertaken and assistance provided by CDS includes the following:

- Dealing with a high volume of customer queries following Co-Op issuing correspondence to customers, based on account balances as at 30 November 2016. A number of the calls received were from customers with queries and CDS provided a customer service function to ensure queries were dealt with quickly and efficiently, which was outside what was initially expected of them;
- Pursuing customers where payment had been made to Co-Op and then reviewing evidence of the payment;
- Dealing with queries relating to the erroneous transfer of supply, refund claims and general disputes which was outside of their remit;
- Monitoring social media channels to identify and deal with queries raised by former customers; and
- Providing support in the process of reconciling the movement on customer accounts between 30 November 2016 and 1 April 2017.

CDS have been paid fees of £22,200 plus VAT in respect of the monthly retainer during the Reporting Period with a further £7,400 being paid in June 2017. No payments have been made to date in respect of the commission due on realisations which totals £67,181.24 plus VAT.

## **9 Creditor rights and enquiries**

We provide at the end of this report an extract from the Rules setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to us but are not satisfied with the response then you should visit the link below where you will find further information on how you may pursue the complaint.

<https://www.gov.uk/complain-about-insolvency-practitioner>



## 10 Insolvency code of ethics

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at:

<http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>

The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

Should you require any further information or wish to discuss any of the above in more detail please contact James Kershaw at 0113 290 6162.

Yours faithfully  
For and on behalf of  
GB Energy Supply Limited



F G Newton  
Joint Administrator

F G Newton is authorised by the Insolvency Practitioners Association in the UK  
A D Nygate is authorised by the Institute of Chartered Accountants in England and Wales in the UK

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**GB Energy Supply Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 06/12/2016 To 05/06/2017	From 06/12/2016 To 05/06/2017
	<b>ASSET REALISATIONS</b>		
	Leasehold Property Licence to Occupy	2,654.80	2,654.80
8,500.00	Furniture & Fittings & IT Equipment	8,500.00	8,500.00
Uncertain	Intangible Assets	NIL	NIL
Uncertain	Security Deposits	30,261.30	30,261.30
1,550,000.00	Debtors & Accrued Income	1,550,000.00	1,550,000.00
Uncertain	Book debts	79,221.56	79,221.56
Uncertain	Prepayments	NIL	NIL
Uncertain	Accrued income - Former Customers	NIL	NIL
Uncertain	VAT Refund	NIL	NIL
90,900.00	Renewable Obligation Certificates	117,917.50	117,917.50
2,507,081.00	Cash at Bank	2,552,081.15	2,552,081.15
1.00	Business Name	1.00	1.00
1.00	Business Rights	1.00	1.00
	Interest Gross	1,179.70	1,179.70
1,800,000.00	Cash in Transit	1,469,897.55	1,469,897.55
	Misc Refunds	4,941.76	4,941.76
1.00	Goodwill	1.00	1.00
1.00	Intellectual Property	1.00	1.00
1.00	Customer Records	1.00	1.00
197,743.00	Forward Commodity Contracts	220,861.79	220,861.79
		<u>6,037,522.11</u>	<u>6,037,522.11</u>
	<b>COST OF REALISATIONS</b>		
	Leasehold Property - Rent	1,900.00	1,900.00
	Joint Administrators' Pre-app Fees	90,186.55	90,186.55
	Joint Administrators' Pre-app Disb	1,226.48	1,226.48
	Debt Collection Agents' Fees	22,200.00	22,200.00
	NFPAS Limited	1,262.50	1,262.50
	Agents' Fees	2,085.00	2,085.00
	Agents' Disbursements	96.00	96.00
	Legal Fees (Pre-appointment)	72,426.00	72,426.00
	Legal Disbursements (Pre-appointment)	1,445.66	1,445.66
	Customer Information and Billing Costs	2,550.00	2,550.00
	Stationery & Postage	386.37	386.37
	PR Costs	101.01	101.01
	Statutory Advertising	228.08	228.08
	Insurance	165.00	165.00
	Legal Fees	30,696.00	30,696.00
	Legal Disbursements	54.18	54.18
	Room Hire	250.00	250.00
		<u>(227,258.83)</u>	<u>(227,258.83)</u>
	<b>PREFERENTIAL CREDITORS</b>		
(1,600.00)	Pension Contributions	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>UNSECURED CREDITORS</b>		
(14,437,864.00)	Trade & Expense Creditors	NIL	NIL
(6,020,404.00)	Renewable Obligations	NIL	NIL
(1,662,003.00)	Accruals	NIL	NIL
(500,000.00)	Shareholder loans	NIL	NIL
(21,299.00)	Unsecured PAYE/NIC	NIL	NIL

**GB Energy Supply Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 06/12/2016 To 05/06/2017	From 06/12/2016 To 05/06/2017
(858,624.00)	Feed in Tariff	NIL	NIL
(9,043.00)	Climate Change Levy	NIL	NIL
(14,309,508.00)	Customer Accounts in Credit	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(1,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(31,667,116.00)</b>		<b>5,810,263.28</b>	<b>5,810,263.28</b>
	<b>REPRESENTED BY</b>		
	Input VAT		44,984.03
	Floating Current Account		5,709,637.01
	Debtor Realisations Account		83,021.81
	Output VAT		(27,379.57)
			<b>5,810,263.28</b>

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTALS		AV RT
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
<b>B. Steps on Appointment</b>															
02. Statutory Documentation	9.75	7,078.50	17.55	7,091.55	2.45	494.90			14.20	1,534.00			43.95	16,198.95	368.58
07. Attendance at Premises			10.00	4,750.50	4.50	909.00	7.00	1,890.00					21.50	7,549.50	351.14
09. Preparation of Proposals			9.60	2,150.40	1.25	252.50	2.00	540.00					12.85	2,942.90	229.02
99. Other Matters	9.00	4,581.00			0.35	70.70							9.35	4,651.70	497.51
<b>B. Steps on Appointment Total</b>	18.75	11,659.50	37.15	13,992.45	8.55	1,727.10	9.00	2,430.00	14.20	1,534.00	-	-	87.65	31,343.05	357.59
<b>C. Planning and Strategy</b>															
02. Review Financial Position			1.00	224.00									1.00	224.00	224.00
03. Review Bus. Process/Systems			5.50	1,232.00			2.00	540.00					5.50	1,232.00	224.00
07. Strategy Planning			24.50	6,016.50									26.50	6,556.50	247.42
08. Reporting	3.50	1,781.50											3.50	1,781.50	509.00
99. Other Matters	6.75	3,435.75											6.75	3,435.75	509.00
<b>C. Planning and Strategy Total</b>	10.25	5,217.25	31.00	7,472.50	-	-	2.00	540.00	-	-	-	-	43.25	13,228.75	305.89
<b>D. General Administration</b>															
01. Insurance Matters					1.45	292.90							1.45	292.90	202.00
02. VAT			2.30	922.30	0.25	50.50			0.15	30.30			2.70	1,003.10	371.52
04. Instruct/Liaise Solicitors			9.00	2,607.60									9.00	2,607.60	289.73
05. Investigations			16.40	4,591.60	2.40	484.80							18.80	5,076.40	270.02
06. Conduct Reports	0.75	381.75	5.90	1,831.60	13.25	2,676.50							19.90	4,889.85	245.72
07. Receipts/Payments Account			9.90	2,258.40	0.15	30.30	10.15	2,084.30	24.05	3,078.40	2.75	194.35	47.00	7,645.75	162.68
08. Remuneration Issues	0.50	254.50											0.50	254.50	509.00
09. Statutory Matters			2.30	566.20	10.10	2,040.20							14.40	2,744.40	190.58
12. Press/PR Matters			2.75	1,149.00									2.75	1,149.00	417.82
14. General Discussions	5.00	3,630.00	9.10	2,038.40									14.10	5,668.40	402.01
15. General Admin/Correspondence	13.20	6,718.80	20.05	5,330.70	8.90	1,797.80	1.25	337.50					43.40	14,194.80	326.84
16. Maintain Internal Files			23.50	5,264.00	2.30	464.60							25.80	5,728.60	222.04
99. Other Matters	9.70	2,172.80			0.25	50.50							9.95	2,223.30	223.45
<b>D. General Administration Total</b>	19.45	10,985.05	110.90	28,732.60	39.05	7,888.10	11.40	2,421.80	24.20	3,108.70	4.75	332.35	206.75	53,468.60	254.92
<b>E. Assets Realisation/Dealing</b>															
01. Establishing Control			0.50	163.00									0.50	163.00	326.00
06. Property Related Matters			2.35	551.90									2.35	551.90	234.85
07. Debt Collection	13.75	6,998.75	266.15	80,894.60	11.70	3,015.90	110.60	29,862.00			0.50	34.50	402.70	120,805.75	299.99
09. Dealing With Other Assets	17.50	8,907.50	68.40	16,892.40	13.25	2,676.50	4.55	1,228.50					103.70	29,704.90	286.45
14. Sale of Business/Assets			0.60	134.40									0.60	134.40	224.00
99. Other Matters	1.50	763.50											1.50	763.50	509.00
<b>E. Assets Realisation/Dealing Total</b>	32.75	16,669.75	338.00	98,636.30	24.95	5,692.40	115.15	31,090.50	-	-	0.50	34.50	511.35	152,123.45	297.49
<b>G. Employee Matters</b>															
03. EPA Matters			2.10	470.40									2.95	563.90	191.15
04. Pension Issues			3.70	828.80	1.45	292.90			1.55	266.60	0.85	93.50	7.15	1,437.80	201.09
99. Other Matters			1.25	280.00	0.60	121.20			0.10	17.20	0.45	49.50	1.95	418.40	214.56
<b>G. Employee Matters Total</b>	-	-	7.05	1,579.20	2.05	414.10	-	-	1.65	283.80	1.30	143.00	12.05	2,420.10	200.84
<b>H. Creditor Claims</b>															
02. Secured Creditors	1.50	763.50											1.50	763.50	509.00
03. Preferential Creditors					0.35	70.70							0.35	70.70	202.00
04. Non-Preferential Creditors	1.00	509.00	23.55	5,922.90	36.55	7,383.10	4.00	1,080.00					65.10	14,895.00	228.80
06. Other Creditors	8.50	4,326.50											8.50	4,326.50	509.00
<b>H. Creditor Claims Total</b>	11.00	5,599.00	23.55	5,922.90	36.90	7,453.80	4.00	1,080.00	-	-	-	-	75.45	20,055.70	265.81
<b>I. Reporting</b>															
01. Statutory Reporting			18.25	4,875.50									50.25	11,342.50	225.72
04. Reporting to Creditors	7.50	3,817.50											19.40	7,805.10	402.32
<b>I. Reporting Total</b>	7.50	3,817.50	30.15	8,866.10			-	-					69.65	19,147.60	274.91
<b>Grand Total</b>	99.70	53,948.05	577.80	165,202.05	143.50	29,639.50	141.55	37,562.30	40.05	4,926.50	6.55	509.85	1,009.15	291,788.25	289.14

GB Energy Supply Limited - In Administration  
Francis Graham Newton of BDO LLP, 6<sup>th</sup> Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL and Antony David Nygate of BDO LLP, 55 Baker Street, Marylebone, London, W1U 7EU were appointed Joint Administrator on 6 December 2016

Description	Total	Blended	Fee Estimate as at 21 December 2016	Time Costs as at 5 June 2017
	Hours	Rate £	£	£
Summary Activity				
A. Pre Appointment Matters	222.10	406.64	90,313.80	90,186.55
<b>Total</b>			<b>90,313.80</b>	<b>90,186.55</b>
B. Steps on Appointment	107.70	284.42	30,632.00	31,343.05
C. Planning and Strategy	29.00	385.22	11,171.50	13,229.75
D. General Administration	182.00	285.23	51,912.00	53,468.60
E. Assets Realisation/Dealing	462.00	300.69	138,918.00	152,123.45
G. Employee Matters	11.50	269.70	3,101.50	2,420.10
H. Creditor Claims	138.00	232.81	32,128.00	20,055.70
I. Reporting	97.00	285.01	27,646.00	19,147.60
J. Distribution & Closure	25.00	269.06	6,726.50	0.00
<b>TOTAL</b>			<b>302,235.50</b>	<b>291,788.25</b>



## **GB Energy Supply Limited - In Administration**

In accordance with best practice we provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within our firm who may be involved in working on the insolvency, follows:

<b>GRADE</b>	<b>£</b>
Partner	509
Manager	224-393
Assistant Manager	202
Senior Administrator	191-202
Administrator	71-172
Other staff	69

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

### **1) Other Costs**

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

## **2) Category 1**

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

## **3) Category 2**

Insolvency practice additionally provides for the recharge of expenses such as printing, stationery, photocopying charges, telephone, email and other electronic communications eg webhosting, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency (England and Wales) Rules 2016, before they can be drawn, and these are known as category 2 disbursements. The current policy of BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency. This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

In respect of the Administration of GB Energy Supply Limited we propose to charge £2.00 (plus VAT) for the first year and £1.00 (plus VAT) for each subsequent year, per creditor. This will cover the disbursement costs of for printing and stationery, together with all photocopying, telephone, email and other electronic communications eg webhosting. Creditors will be invited to approve a resolution to this effect. During the first year the Administrators will issue 3 reports and in successive years 2 reports.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (England and Wales) Rules 2016 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP

**Statement from the Insolvency (England and Wales) Rules 2016 regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:**

**Creditors' and members' requests for further information in administration, winding up and bankruptcy**

**18.9.**—(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14—

- (a) a secured creditor;
  - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
  - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
  - (d) any unsecured creditor with the permission of the court; or
  - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—
- (a) providing all of the information requested;
  - (b) providing some of the information requested; or
  - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—
- (a) the time or cost of preparation of the information would be excessive; or
  - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
  - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
  - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—
- (a) the office-holder giving reasons for not providing all of the information requested; or
  - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).



**Remuneration and expenses: application to court by a creditor or member on grounds that remuneration or expenses are excessive**

**18.34.**—(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that—

- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
- (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- (c) the expenses incurred by the office-holder are in all the circumstances excessive.

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable—

- (a) a secured creditor,
- (b) an unsecured creditor with either—
  - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
  - (ii) the permission of the court, or
- (c) in a members' voluntary winding up—
  - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
  - (ii) a member of the company with the permission of the court.

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

**Applications under rules 18.34 and 18.35 where the court has given permission for the application**

**18.36.**—(1) This rule applies to applications made with permission under rules 18.34 and 18.35.

(2) Where the court has given permission, it must fix a venue for the application to be heard.

(3) The applicant must, at least 14 days before the hearing, deliver to the office-holder a notice stating the venue and accompanied by a copy of the application and of any evidence on which the applicant intends to rely.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the office-holder is entitled to charge;
- (b) an order reducing any fixed rate or amount;
- (c) an order changing the basis of remuneration;
- (d) an order that some or all of the remuneration or expenses in question is not to be treated as expenses of the administration, winding up or bankruptcy;
- (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
  - (i) the administrator or liquidator or the administrator's or liquidator's personal representative to the company, or
  - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;

- (f) any other order that it thinks just.
- (5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.
- (6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration, winding up or bankruptcy.

**Applications under rule 18.34 where the court's permission is not required for the application**

**18.37.**—(1) On receipt of an application under rule 18.34 for which the court's permission is not required, the court may, if it is satisfied that no sufficient cause is shown for the application, dismiss it without giving notice to any party other than the applicant.

- (2) Unless the application is dismissed, the court must fix a venue for it to be heard.
- (3) The applicant must, at least 14 days before any hearing, deliver to the office-holder a notice stating the venue with a copy of the application and of any evidence on which the applicant intends to rely.
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders—
  - (a) an order reducing the amount of remuneration which the office-holder is entitled to charge;
  - (b) an order reducing any fixed rate or amount;
  - (c) an order changing the basis of remuneration;
  - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration or winding up or bankruptcy;
  - (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
    - (i) the administrator or liquidator or the administrator's or liquidator's personal representative to the company, or
    - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;
  - (f) any other order that it thinks just.
- (5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.
- (6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration or as winding up or bankruptcy.