

AM03

Notice of administrator's proposals



Companies House

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

1 Company details

Company number 0 9 7 9 6 3 5 1

Company name in full Retig Limited

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

2 Administrator's name

Full forename(s) Matthew James

Surname Cowlishaw

3 Administrator's address

Building name/number Four Brindleyplace

Street Birmingham

Post town B1 2HZ

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Paul James

Surname Meadows

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

5 Administrator's address ②

Building name/number Four Brindleyplace

Street Birmingham

Post town B1 2HZ

County/Region

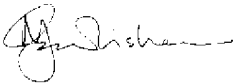
Postcode

Country

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

AM03

Notice of Administrator's Proposals

6	Statement of proposals										
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals										
7	Sign and date										
Administrator's Signature	Signature ✕  ✕										
Signature date	<table><tr><td>^d 2</td><td>^d 7</td><td>^m 1</td><td>^m 1</td><td>^y 2</td><td>^y 0</td><td>^y 2</td><td>^y 0</td></tr></table>	^d 2	^d 7	^m 1	^m 1	^y 2	^y 0	^y 2	^y 0		
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AM03 Notice of Administrator's Proposals



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 Vinay Mistry

Company name Deloitte LLP

Address Four Brindleyplace
Birmingham

Post town B1 2HZ

County/Region

Postcode

Country

DX

Telephone +44 121 695 5503



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



**Retig Limited ("Retig") and
Tonik Energy Limited ("Tonik")
(both in administration)
(together "the Companies")**

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT
TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT
1986 (AS AMENDED) ("the Act").

Retig Limited
Court Case No. 470 of 2020
High Court of Justice Chancery Division
Birmingham District

Company Number: 09796351

Tonik Energy Limited
Court Case No. 471 of 2020
High Court of Justice Chancery Division
Birmingham District

Company Number: 09812673

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

Matthew James Cowlshaw and Paul James Meadows ("the Joint Administrators") were appointed Joint Administrators of Retig Limited and Tonik Energy Limited on 02 October 2020 and 12 October 2020 respectively by the directors of the Companies. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

27 November 2020



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Retig Limited and Tonik Energy Limited (both in administration)

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administrations.

It appears that the Companies may have sufficient property to enable a distribution to be made to unsecured creditors. As such we are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek creditors' approval of our Proposals. In this instance, we propose to seek approval of our Proposals by deemed consent, Notice of which has been posted to the website on Form ADM_F03. The proposed decision to approve our Proposals will be treated as having been made by creditors unless objected to, using the appropriate procedure as set out in the Notice, by 10% or more in value of creditors. Should that happen, the decision on approval will not be made and a further decision procedure will be held. Unless you object to our Proposals, no action is required from you. Please refer to the website for further details including forms and guidance.

Please refer to the Frequently Asked Questions section on the case website for more information about decision procedures in insolvency proceedings.

Please also note that hard copies of any of these documents will be provided free of charge on request.

We have also included the following information in this report:

- background of the group;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administrations to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administrations (Appendix F).

Yours faithfully

For and on behalf of the Companies

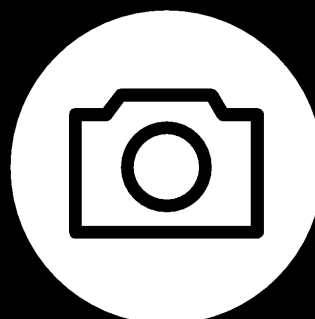
Joint Administrators

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

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Key messages



Key messages

Joint Administrators of the Companies

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Paul Meadows
Deloitte LLP
4 Brindleyplace
Birmingham
B1 2HZ

Contact details

Email: deloitte@deloitte.co.uk

Website: www.ips-docs.com

Tel: 0121 695 5503

**Date Proposals delivered to
creditors: 27 November 2020**



Commentary

Å The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.

Tonik

Å On 10 October 2020 the Energy regulator Ofgem (Office of Gas and Electric Markets) initiated the Supplier Of Last Resort ("SOLR") process transferring all of Tonik's customers to Scottish Power.

Å The Joint Administrators will conduct an orderly wind down of the business and realisations of assets. The strategy will be to work with Scottish Power to ensure a smooth transition of customer contracts, resolve billing disputes and undertake final billing across all customer accounts in order to collect the outstanding debt. To do this the Joint Administrators will look to retain a number of employees. Please refer to page 12 for further details.

Retig

Å The strategy is to sell the shares in Phoenix Renewables Limited, exit the leasehold property and to make a claim for the intercompany amounts due from Tonik in the Tonik administration.

Å As we anticipate that sufficient funds will be available for distribution to unsecured creditors we are required to seek a decision from unsecured creditors on approval of our Proposals. We intend to take the decisions by deemed consent, Notices of which have been posted to the case websites together with guidance on what action if any is required.

Å On current information the duration of the administrations is not likely to exceed 12 months following which it is anticipated that the Companies will move to creditors' voluntary liquidation as detailed on page 17.

Å We propose to charge our fees on a time cost basis of £1.6m for Tonik and £250k for Retig respectively.

Å We have provided Fees Estimates showing a breakdown of our anticipated time costs and actual costs to date for each of the Companies on pages 30 and 31.

Å We anticipate that disbursements from our work on the administrations of approximately £3.7k and £1.1k for Tonik and Retig respectively will be incurred over the duration of the appointments as detailed on page 32.

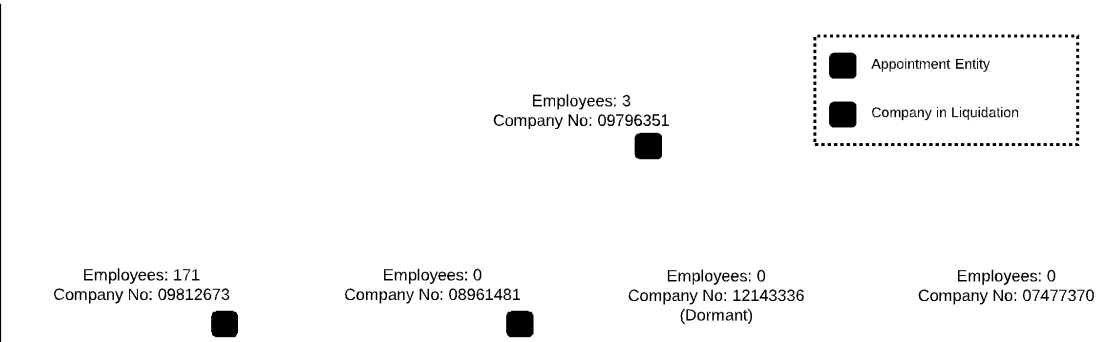
Å We anticipate that third party costs in relation to legal fees will be in the region of £100k and £50k for Tonik and Retig respectively over the duration of the appointment as detailed on page 20.

Å On current information, we anticipate the following outcome for each category of creditor:

1. Secured creditor – The secured creditor of the Companies will be repaid in full.
2. Preferential creditors – There will be sufficient floating charge realisations to enable payment in full of preferential claims in both Companies.
3. Unsecured creditors – It is likely that there will be a distribution for unsecured creditors in both Companies.

Å Our Proposals for managing the business and affairs of the Companies can be found on page 33.

Background
The Group



Retig is the parent company of the group whilst Tonik was the main trading company supplying gas and electricity to consumers. Tonik focused on supplying renewable energy to c.140,000 customers across the UK.

Locus Energy Ltd was trading as a gas shipping entity that provided Tonik with access to the grid via its gas shipping licence, however had no employees or tangible assets.

Phoenix Renewables Limited is also a trading entity whose main activity is the installation of smart meters and designing electric vehicle charging, solar and battery storage solutions. EV Charging Services Ltd is a dormant entity.

As of 2 October 2020, the Companies employed approximately 174 staff, as follows:

- Tonik Energy Ltd – 171
- Retig Ltd – 3

A summarised group structure chart (at the date of both of our appointments) is set out above.

Retig Ltd is the ultimate parent company of the Group and was incorporated on 26 September 2015. Its key assets are investments in its subsidiary undertakings and intercompany debtors due from Tonik Energy Limited and Phoenix Renewables Limited.

As at the date of the Joint Administrators’ appointment, the directors of the parent company Retig were Donald Leiper, Christopher Russell, Thomas Philip Newby and Mathew Neil Morgan. The Company secretary was Suzanne Hayward.

The directors of Tonik were Christopher Russell and Donald Leiper. The Company secretary was Suzanne Hayward.

Retig’s main shareholders were as follows: Christopher Russell (34.6%), Johnathon Hayward (15.9%) and Mitsui & Co (15%). Tonik was entirely owned by Retig.



Background

Summary financials

Retig Ltd

Retig Summary Balance Sheet

Property Plant & Equipment	178,303	139,088	118,713
Investments in Subsidiaries	682,500	682,500	682,500
Fixed assets	860,803	821,588	801,213
Debtors	12,377,163	28,961,919	29,158,787
Cash & Cash Equiv	5,901,527	(3,995)	(36,927)
Current Assets	18,278,690	28,957,924	29,121,860
Trade Creditors	(385,529)	6,758	(566,050)
PAYE	-	(19,409)	(77,627)
Other Creditors	(222,247)	(220,184)	(223,257)
Accruals & Deferred Income	(180,368)	(103,864)	(167,629)
Convertible Loan	(5,793,456)	-	-
Creditors falling due in more than one year	-	(18,084,083)	(19,664,155)
Creditors	(6,581,600)	(18,420,782)	(20,698,718)
Total Liabilities	(6,581,400)	(18,420,782)	(20,698,718)
Net Assets	12,558,093	11,358,730	9,224,355

Extracts from the audited Retig accounts for the 12 months to 31 March 2019, 12 months to March 2020 and 6 months to 31 October 2020 are shown above.

Please note that this information has not been verified by the Joint Administrators or by Deloitte LLP ("Deloitte").

As Retig is a holding company no Profit and Loss statement is filed and therefore none has been provided.

Balance sheet commentary

Retig's largest asset is its intercompany debtor due from Tonik, £18.2m, and Phoenix Renewables Limited, £3.5m, in relation to the funding and support provided by Retig.

Retig was funded by Mitsui & Co. ("Mitsui"). Mitsui was owned £19.7m as at 2 October 2020.

Retig also held the leases with the landlord for the group head office in Birmingham, which up until the COVID-19 pandemic, was used by the majority of the Tonik employees and had a number of head office type creditors.

On 2 October 2020 Retig's bank account was overdrawn by £37k.



Background

Summary financials

Tonik Energy Ltd

Tonik Profit And Loss Account

Turnover	79,531,997	115,137,246	48,672,203
Cost of Sales	(84,006,615)	107,737,874	(48,104,591)
Gross Profit	(4,474,618)	7,399,372	567,611
Administration Expenses	(13,932,461)	(18,608,391)	(8,529,024)
Operating Loss	(18,407,079)	(11,209,019)	(7,961,412)
Provision for Doubtful Debt	-	(798,267)	(329,942)
Depreciation & Amortisation	-	(692,967)	(591,763)
Fundraising Costs	(52,717)	-	-
Interest Receivable & Similar Income	148	2,453	457
Interest Payable & Similar Expenses	(290,549)	(784,178)	(813,297)
Exceptional Items	-	(46,271)	(11,739)
Loss Before Taxation	(37,157,276)	(13,528,249)	(9,707,697)
Total Loss For The Period	(18,750,197)	(13,528,249)	(9,707,697)

Tonik Summary Balance Sheet

Property Plant & Equipment	257,173	294,169	203,198
Intangible Assets	1,006,631	2,839,358	2,562,968
Fixed assets	1,263,804	3,133,527	2,766,167
Debtors	10,785,805	15,727,292	11,470,773
Cash at Bank	1,584,365	931,598	5,511,285
Current Assets	12,370,170	16,658,890	16,982,058
Trade creditors	(13,423,222)	(16,012,546)	(13,945,461)
Owed to Group Undertakings	(8,395,975)	-	-
Other Creditors	(349,454)	(564,027)	(363,085)
Accruals & Deferred Income	(16,280,404)	(16,992,814)	(24,134,168)
PAYE	-	(161,059)	(939,442)
Intercompany Trading Balance	-	(24,405,303)	(28,067,281)
Creditors	(38,449,055)	(58,135,749)	(67,449,436)
Total Liabilities	(38,449,055)	(58,135,749)	(67,449,436)
Net Assets	(24,815,081)	(38,343,332)	(47,701,212)

Extracts from the audited Tonik accounts for the 12 months to 31 March 2019, 12 months to March 2020 and 6 months to 12 October 2020 are shown opposite. Please note that this information has not been verified by the Joint Administrators or by Deloitte LLP ("Deloitte").

Profit and loss commentary

Over the past few years Tonik looked to grow its customer base to over 100k customers and therefore incurred significant customer acquisition costs. For the period up to 12 October 2020, Tonik made a gross profit of £0.6m, this was significantly down on the prior year performance which saw a gross profit of £7.4m for the year.

A provision for doubtful debt of £0.8m was included in the year ending 31 March 2020 due to a higher than anticipated amount of customers in arrears. At 12 October 2020 this provision was lowered to £0.3m.

Balance sheet commentary

Tangible assets of £203k principally comprised of fixtures and fittings and company IT equipment.

Intangible assets included on the balance sheet related to the capitalisation of an integrated billing system. This included a combination of 3rd party implementation costs and internal time costs. The value at 12 October 2020 was £2.6m.

At 12 October 2020, Tonik's largest asset was its customer debtor book of £11.5m, of which a large proportion was unbilled.

Included in the accruals and deferred income balance of £24m is customer credits of £10.4m.

Cash at Bank at 12 October 2020 was £5.5m.

Tonik's intercompany creditor balance of £(28)m is comprised of:

- Locus £(10)m
- Retig - £(18.2)m
- Phoenix Renewables Ltd £0.2m (Debtor)



Background

Joint Administrators' appointments

Reasons for failure & financial distress

Whilst Tonik had been growing its customer numbers, it had not yet achieved the critical mass to consistently deliver break even or profitable trading.

Tonik was also impacted by difficulties with a systems migration programme. This resulted in a growing customer service challenge which increased costs during March to September 2020.

The increase in billing related issues and unbilled revenue put further pressure on working capital through a reduction in cash collections.

This resulted in a significant cash requirement in October 2020 and beyond.

Steps taken to remedy/turnaround

The Companies completed capital raises in February 2019 and December 2019 in line with its mid-term business plan.

The Companies also secured a temporary working capital facility to support cash flow during the summer.

As a comparatively new energy supply business, the Companies' plan included further rounds of capital raising during 2020. However, this was not possible as COVID-19 resulted in a reduction in parties looking to invest in the retail energy market and no permanent funding solution was available from existing funders. The Companies therefore explored alternative options.

The Companies entered into extensive merger discussions with a large competitor which was due to complete by the end of September 2020 but given the deterioration in trading performance the merger was aborted shortly before completion.

In parallel, the Companies' entered into discussions with a number of industry parties to explore a sale. The only offers received were for the customer book. One offer was progressed to an advanced stage. However, ultimately this transaction was not deliverable due to both the timeline available and value.

Given the immediate cash requirement in the Companies, the directors took steps to appoint administrators to Retig Limited on 2 October 2020 and filed a notice of intention to appoint an administrator on Tonik on 2 October 2020.

The directors also requested that Ofgem commence the Supplier of Last Resort ("SOLR") process on 5 October 2020 in relation to Tonik.

On 8 October 2020, following the Gas and Electricity Markets Authority ("GEMA") application, a Court Order was obtained declaring that it was proved to the satisfaction of the court that Tonik was unable to pay its debts within the meaning of s123 (1) and (2) of the Insolvency Act 1986 and that GEMA was entitled to revoke Tonik's Gas Supply Licence and Electricity Supply Licence by giving no less than 24 hours' notice in writing.

On 10 October 2020 Ofgem announced the SOLR as Scottish Power and all Tonik customer accounts were switched to Scottish Power.

Scottish Power are continuing to supply customers without interruption and are honouring any outstanding customer credit balances.

On 10 October 2020 Tonik's license was revoked and on 12 October 2020 Tonik entered into Administration.

Involvement of Deloitte pre-appointment

Over the past 2 years, Deloitte LLP was engaged to provide advisory services to Retig Limited as follows:

• 10 May 2019 to assist management construct a financial model.

• 9 October 2019 to advise on the raising of development capital.

• 27 November 2019 to advise on an accelerated disposal which was subsequently aborted.

• 9 April 2020 to advise on short term liquidity, options and restructuring advice.

• 28 July 2020 to advise on the tax impact of proposed transactions on the Enterprise Investment Scheme ("EIS") shareholders in Retig Limited.

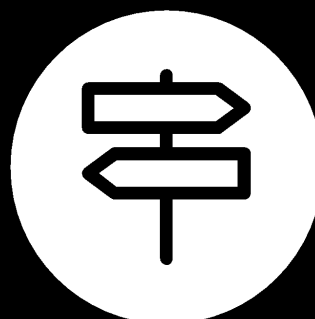
When decision to appoint was made

The decision to appoint was made on 30 September 2020 when all options had been explored.



Post-appointment

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Post-appointment
Purpose

Matthew James Cowlshaw and Paul James Meadows of Deloitte LLP ("Deloitte") were appointed Joint Administrators of the Companies by the directors on 2 October 2020 and 12 October 2020 for Retig limited and Tonik Energy Limited respectively, following the filing of Notices of Appointment of Joint Administrators by the Companies' directors.

The rescue of Tonik was not possible given the SOLR process and the transfer of all customers to Scottish Power.

The rescue of Retig was not possible given the insolvency of its main subsidiary and level of unsecured debt.

Accordingly, the purpose of the administrations is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies.

This will be achieved by securing a sale of the sister subsidiary Phoenix Renewables Ltd, selling assets held by the Companies and collecting outstanding Tonik customer remittances, thereby improving dividend returns to secured and unsecured creditors from the Companies.



Post-appointment Joint Administrators' strategy

Tonik

Tonik

Given the SOLR process and transfer of the customers to Scottish Power it was not possible to trade the business as a going concern.

We have implemented a wind down strategy in order to maximise the value of the assets which primarily consist of the customer debtors.

We have retained a reduced number of employees to support the wind down process. The Group had 174 employees at appointment of which 60 have been retained.

We have liaised with key suppliers to ensure the operational wind down can operate smoothly with appropriate access to systems.

We are working closely with Scottish Power to ensure there is an agreed final billing position, backed by meter reads where possible, such that customers have as clear a hand over as possible.

Receipts and Payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 23 November 2020 is provided on page 28.

Intercompany debt from Retig subsidiary

As detailed on the following page, Phoenix Renewables Ltd, a subsidiary of Retig has been sold and a sum of £23k has been received in settlement of intercompany debt.

Books debts

As at the date of our appointment, Tonik's sales ledger showed pre-appointment unbilled and billed customer debtors totalling £3.3m.

As detailed opposite the wind down strategy adopted is to finalise the billing and collect the amounts due. A further update will be provided in our next report.

Chattel assets

As at the date of appointment, Tonik owned a quantity of tangible assets including employee laptops, fixtures and fittings and other items across its trading premises, with an estimated combined book value of £7.9k.

We have engaged OCM Business Systems Ltd ("OCM") who are specialists in the collection and realisation of assets, this process is ongoing.

On present information they estimate in the region of £5.5k will become available for the estate.

Merchant Service provider

Funds have been received via the merchant service provider GoCardless Ltd in relation to direct debits collected from customers to be allocated to customer accounts.

Pre-appointment VAT Returns

At the date of our appointment, there were outstanding pre-appointment VAT returns to be submitted. We are currently working to submit these returns to HM Revenue and customers.



Post-appointment Joint Administrators' strategy

Retig

Retig

The main asset in Retig relates to the investment in Phoenix Renewables Limited and the intercompany amounts due from Tonik.

We initially retained 3 employees in Retig Limited to continue to support the sales process of Phoenix Renewables Limited (see below) and to support the Tonik strategy.

The costs associated supporting the Tonik strategy have been being recharged to Tonik.

All employees have now been made redundant.

Sale of subsidiary

Following our appointment over Retig, the Joint Administrators continued to explore the sale of its subsidiary, Phoenix Renewables Ltd ("The Phoenix Works").

The Phoenix Works specialises in the design, specification, installation and ongoing maintenance of solar, battery storage and electric vehicle charging systems.

Given the upcoming cash requirement, a sales process had commenced prior to our appointments which was continued post administration. Both trade and private equity parties were approached.

Three offers were received in the first week of November. Following a process of further clarifications a preferred bidder was selected with the transaction completing on 16 November 2020.

The acquiring party, Liberty Global Europe Two Limited is unconnected.

The overall sale value was £500,000 is split £1 for the shares and £499,999 to satisfy the intercompany debts due from The Phoenix Works to Retig and Tonik. Approximately £477k is allocated to Retig and £23k to Tonik.

All consideration has been received.

Leasehold property

The Companies operated over 2 floors from leased premises at Lombard House, 145 Great Charles Street, Birmingham, both of which are now vacant.

Legal advice has been required in relation to the property and leases. As the leases held no value for the estate, they have been handed back to the landlord and the properties were vacated on 23 October 2020, as all employees have continued to work remotely.

Books debts

There are no book debts outstanding on Retig's accounts as reported.

Pre-appointment VAT Returns

At the date of our appointment, there were outstanding pre-appointment VAT returns to be submitted. We are currently working to submit these returns to HM Revenue and customers.

Receipts and Payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 23 November 2020 is provided on page 27.



Post-appointment Joint Administrators' Proposals

Our Proposals for the administrations include:

- continuing to manage the affairs and any remaining assets of the Companies and the settlement of all administration expenses; and
- assessing the affairs of the Companies and reviewing and reporting on the conduct of the directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Companies or their management;
- agreement of the claims of any secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that the Companies will have no assets available for distribution; and
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application; and
- that, following the realisation of assets and resolution of all matters in the administrations, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administrations; and that, if the Companies are to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the unsecured creditors to fix the basis of, and the ability to draw, our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administrations.

Please refer to page 33 for further details.



Post-appointment Outcome for Creditors

Secured creditor

The Companies' records show that BP Gas Marketing Limited (BP), in its capacity as the Secured Creditor, has confirmed that Tonik owes £5m.

BP has a share fixed charge in Retig and a fixed and floating charge debenture in Tonik, granted on 8 December 2017.

Based on currently available information, we expect there will be sufficient asset realisations to repay the Secured Creditor in full from the floating charge assets in Tonik.

There will be no payment from the fixed charge security held in Retig to the Secured Creditor.

Preferential creditors

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

Retig - We estimate that there will be circa 3 preferential claims totalling c.£20k.

Tonik - We estimate that there will be circa 171 preferential claims totalling c.£250k.

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

Prescribed Part

Tonik

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600-800k per company depending on when the charge was registered.

It is anticipated that the Secured Creditor will be paid in full and unsecured creditors will therefore receive a dividend over and above the value of the distribution that would have been paid under the Prescribed Part.

Retig

As there are no floating charge assets the provisions of Prescribed Part will not apply to this case.

Unsecured creditors

Retig - The directors' statement of affairs shows 19 unsecured creditors with estimated non-preferential claims totalling £21.2m.

Tonik - The directors' statement of affairs shows 137 unsecured creditors with estimated non-preferential claims totalling £60.9m.

As detailed above, it is likely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors (over and above the value of the distribution that would have been paid under the Prescribed Part). Currently the quantum of the dividends is unknown but updates will be provided in future reports.



Post-appointment Outcome for Creditors

We anticipate that a dividend is likely to be made to unsecured creditors, however, having regard to the size of claims against the Companies, the amount of any such dividend is likely to be low. We nonetheless invite creditors to claim, following the guidance in the paragraphs below.

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Companies' statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a proof of debt form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.



Post-appointment Extensions & Exit Routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from the administrations. Based on current information, we consider the following exit routes may be appropriate:

- Å *Dissolution* – If there is no further property which might permit a distribution to the Companies' creditors, we may file notice to that effect with the Registrar of Companies and the Companies will be dissolved three months later.
- Å *Compulsory Liquidation* ("WUC") – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administrations and to make an order to wind up the Companies.
- Å *Creditors' Voluntary Liquidation* ("CVL") – Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administrations will cease on the date that notice is registered and the Companies will be wound up.

Please note that if the Companies are placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are approved by creditors i.e. by 15 December 2020.

- Any creditors' committee appointed in the administrations will become a liquidation committee and the basis of the Joint Administrators' remuneration fixed during the administrations will apply in the liquidation.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress reports. This approval will be sought via a vote on the case websites at www.ips-docs.com. It is anticipated that we will initiate a decision procedure of creditors once our Proposals have been approved. Please see page 33 for more details as regards the timings of the decision procedure.



Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.



Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

We intend to invite the creditors, or the creditors' committee should one be formed, to formally approve that the basis of our remuneration be fixed by reference to our time costs incurred in attending to matters arising in the administrations with which we have to deal. In advance of seeking that approval we have set out in more detail what our anticipated time costs will be in our Fee Estimates on pages 30 and 31.

We will seek this approval through a further decision procedure once the outcome of the decisions on approval of our proposals are known.

This further decision procedure will be held by correspondence. We will give formal Notice of this together with the resolutions being requested in respect of our remuneration and expenses, voting forms and general guidance via the website at www.ips-docs.com and which we anticipate doing within 1-2 weeks of the Proposals being approved. We will also provide hard copies of any of these documents to you on request to vmistry@deloitte.co.uk.

Please note that in the event that a creditors' committee is formed, the resolutions tabled in this decision procedure will be determined by that committee.

A Fees Estimate is provided at Appendix C in which we have tried to provide you with as accurate an estimate as we can of our likely time costs for the duration of the appointment. We have based this estimate on experience in other similar matters and the cost of work done to date and estimate that our time costs will be circa £1.6m in Tonik and £250k in Retig.

Please note in the case of Tonik we have not included any costs for distribution for unsecured creditors.

A separate decision procedure will be run in respect of the costs of the liquidation.

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration



We anticipate that we will incur the following disbursements during the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment; proposed distributions to preferential and unsecured creditors. We estimate the advertising costs in this regard will be £95 for Retig and £95 for Tonik.

Legal Fees

- We have instructed Gowling WLG ("Gowling"), a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the following legal matters and to prepare required legal documentation in relation to both Companies as follows:
 - Validity of Appointment review, they estimate their fee for so doing will be £4k plus VAT;
 - Gowling will also assist the Joint Administrators with reviewing the Security, Compliance with data protection matters, Ofgem related court filings and general insolvency advice.

They have estimated that their fees will not exceed £150k (exclusive of VAT and disbursements) across both Companies.

To date they have incurred costs totalling £75k (plus VAT), a split is shown below and they have estimated that their further fees will be in the region of £75k (plus VAT) in total across both Companies.

Gowling WLG

Retig Ltd	100,000	47,863
Tonik Energy Ltd	50,000	26,775
Total paid	150,000	74,638

They have incurred disbursements of £195 (plus VAT) to date for both Companies.

Gowling WLG

Retig Ltd	62
Tonik Energy Ltd	133
Total	195

Agent's Costs

- We have instructed OCM, a firm of agents with the appropriate expertise and experience, to assist in the following matters regarding the Tonik's fixed assets:
 - To secure, value and seek purchasers for IT equipment and some furniture from the Companies' head office. A fee of £45 is charged per laptop collected from home addresses, with no charge for failed collections (e.g. employee refusing to cooperate). They estimate their fee for so doing will be £1.9k plus VAT; across both Companies.
- They have also offered to purchase the assets back from us for a final offer of £5.5k plus VAT.
- All professional costs are reviewed by us and analysed in detail before payment is approved or made.

Remuneration and expenses

Pre-administration costs

In the following paragraphs we have provided an explanation of the work carried out by us and by Gowling WLG in the period prior to the administrations and which was carried out with the intention of helping to achieve the objective of the administrations, being a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies.

Please note that this work was primarily performed by senior, experienced staff due to the complex nature of the engagement not least the regulatory requirements in relation to the Supplier of Last Resort process.

Tonik

- Å Preparation of documents for the Court hearing on 6 October 2020 in relation to confirmation of Tonik's solvency status required under the SOLR process;
- Å Attendance at the Court hearing;
- Å Liaison with Ofgem;
- Å Considering the impact of an administration appointments, including funding requirement to manage a wind down/sale;
- Å Preparing strategies in relation to employees and customers;
- Å Considering post-appointment options in relation to dealing with customer book in a SOLR;
- Å Dealing with press and PR queries immediately prior to the administrations;
- Å Obtaining FCA consent.

Tonik & Retig

- Å Liaising with lawyers in relation to preparation and signing of appointment documents;
- Å Establishing ownership and location of assets;
- Å Collating company data, financial information and stakeholder records in preparation for the administration appointments;
- Å Analysis and advice from a tax perspective on immediate tax actions required by the administrators on appointment;
- Å Liaison with the Secured Creditor and investor.

This work was required to be completed pre-appointment primarily in order to ensure a smooth transition of customers in the SOLR process and thereby preserving the value of customer accounts.

In relation to this work, our time costs are £11k for Retig and £102.7k for Tonik plus VAT.

We have not had any payment against these time costs.

During planning for the administrations, we were provided with legal assistance by Gowling WLG, who were instructed by us to undertake the following work as detailed below:

Tonik

- Å Gowling WLG estimate their fee for pre-appointment work including drafting appointment documents, FCA consent work and Ofgem related applications, liaisons and court work at £23k.

Retig

- Å Their pre-appointment work cost amounted to £3.2k and involved drafting appointment documents, liaising with the administration team and responding to queries.

In respect of this work the unpaid legal fees as shown in the table below.

Gowling WLG

Retig Ltd	3,162
Tonik Energy Ltd	23,115
Total	26,277

Approval of unpaid pre-administration costs

As set out above, we have unpaid pre administration costs and expenses. The payment of these unpaid costs as an expense of the administrations is subject to approval under Rule 3.52. At the time of seeking approval for our post appointment remuneration we will also invite the creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.





Additional information

Case specific matters and Investigations

23



Additional information

Case specific matters and Investigations

As stated in the administrations appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

Should you believe that you own or have a claim regarding items that may have been present at the Companies' premises at the date of our appointment please contact us as soon as possible.

We are not obliged to provide further information or reports to shareholders of the Companies. However regular updates will be uploaded to the website set up for the administrations at: www.ips-docs.com.

Due to the insolvency of the Companies and anticipated level of asset realisations compared with the level of creditor liabilities owed by the Companies, there is no prospect of a return being made to the shareholders of either company.

Following our appointments, the Companies are no longer able to process transfers of shares, nor re-issue unclaimed dividend cheques.

In certain cases, HM Revenue & Customs may declare shares to be of nil value and capital losses may be claimed. Shareholders should contact their local tax office for further information.

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Companies and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Energy and Industrial Strategy. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.

In order to facilitate communication, all statutory reports, documents and notices will be posted on to the case websites which have been set up specifically for the Companies. The web address is www.ips-docs.com.

All documents will be retained on each website which will remain live until two months after the conclusion of the proceedings. Please contact Vinay Mistry using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website:

Å **Phone** - +44 121 695 5503

Å **Email** - vmistry@deloitte.co.uk

Å **Postal address** – Four Brindleyplace, Birmingham, B1 2HZ

Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the websites. It is thus important that you review the website for each case regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.



Appendices

Appendix A1

Retig Ltd

Statement of Affairs

Retig Directors' summary Statement of Affairs

Assets subject to fixed charge		
Investment in Phoenix Renewables Ltd	652,500	-
Investment in Tonik Energy Ltd	20,000	-
Investment in Locus Energy Ltd	10,000	-
Less: Amounts due to fixed charge holders		-
Estimated surplus/(deficiency) to fixed charge holders	682,500	-
Uncharged Assets		
Fixtures & Fittings	118,713	-
Landlord lease Deposits	79,261	-
HMRC VAT	7,705	7,705
Prepayments	131,918	-
Intercompany Debtor with Phoenix R Ltd	3,456,324	-
Intercompany Debtor with Tonik Energy Ltd	18,185,902	177,000
Intercompany Debtor with Locus Energy Ltd	7,184,619	-
Estimated total assets available for preferential creditors	29,846,942	184,705
Preferential creditors		(20,000)
Estimated deficiency / surplus to preferential creditors		164,705
Total assets available to unsecured creditors		164,705
Unsecured non-preferential claims		(21,173,147)
Estimated deficiency / surplus to creditors		(21,008,442)
Called up share capital		1,986
Estimate deficiency / surplus to members		(21,006,456)

The Directors' statement of affairs is available online [here](#), including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2016, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown. In accordance with the standard format of the statement of affairs, no provision has been made for the costs of the administrations (including agents', legal and other professionals' fees).



Appendices

Appendix A2

Tonik Energy Ltd

Statement of Affairs

Tonik Directors' summary Statement of Affairs

Uncharged Assets		
Intangible assets	2,562,968	-
Tangible assets	203,198	-
Trade debtors	24,585	-
Unbilled debt	9,840,301	3,325,000
Other Debtors	281,430	-
Prepayments	120,732	-
HMRC VAT	1,685,414	350,791
Deferred Tax	276,534	-
Intercompany trading balance	164,399	-
Cash	5,511,285	5,511,285
Estimated total assets available for preferential creditors	20,670,846	9,187,077
Preferential creditors	201,897	201,897
Estimated assets for floating charge holders	20,468,949	8,985,179
Debts secured by floating charges	(5,022,332)	(5,022,332)
Total assets available to unsecured creditors	15,446,617	3,962,847
Unsecured non-preferential claims	(60,914,574)	(60,914,574)
Estimated deficiency/surplus as regards non-pref creditors	(45,467,957)	(56,951,726)
Issued and called up share capital	100	100
Estimated total deficiency/shortfall to members	(45,468,057)	(56,951,826)

The Directors' statement of affairs is available online [here](#), including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2016, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown. In accordance with the standard format of the statement of affairs, no provision has been made for the costs of the administrations (including agents', legal and other professionals' fees).



Appendices

Appendix B1

Joint Administrators receipts and payments account 2 October 2020 to 27 November 2020

Receipts

Sale Proceeds of Phoenix Renewables	-	C	499,999
Shares	-	C	1
Contribution to Costs	-		2,514
Contribution to Payroll	-		6,720
Rates Refund	-		3,590
HMRC VAT	7,705		-
Intercompany debtor with Tonik Energy Limited	177,000		-
Total receipts	<u>184,705</u>		<u>512,824</u>

Payments

Wages and Salaries			16,289
IT costs			7,518
Statutory Advertising			95
Tonik Energy Limited Share of Sale Proceeds		C	23,000
Total payments			<u>46,902</u>

Balance

465,922

Made up of:

VAT Receivable	B	1,626
Interest Bearing Bank Account	A	464,297
Balance in hand		<u>465,922</u>

Receipts and payments accounts are provided opposite and on the next page detailing the transactions since our appointments on 2 October 2020 and 12 October respectively.

Notes to receipts and payments accounts

A - Bank interest

All funds were held in an interest bearing account. The associated corporation tax on interest received has been/will be accounted for to HM Revenue & Customs.

B - VAT

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

C - Sale of Subsidiary

Funds received from the sale of the group's subsidiary Phoenix Renewables Ltd.

D - Suspense Account (see next page)

Funds received via the merchant service provider GoCardless Ltd in relation to direct debits collected from customers to be allocated to customer accounts.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Appendices

Appendix B2

Joint Administrators receipts and payments account 12 October 2020 to 27 November 2020

Receipts

Cash at Bank	5,511,285		5,557,496
Book Debts	3,325,000		98,712
Contribution Towards Costs	-		4,285
Insurance Refund	-		2,160
Suspense Account	-	E	2,490,581
Intercompany Distribution	-		23,000
HMRC VAT	350,791		-
Total receipts	<u>9,187,076</u>		<u>8,176,233</u>

Payments

IT Costs		6,720
Payroll Costs		342,617
IT Costs		105,314
Finance contractor Costs		15,680
Telephone		3
Postage & Redirection		321
Statutory Advertising		95
Total payments		<u>470,749</u>

Balance

7,705,484

Made up of:

Interest Bearing Bank Account	A	7,681,373
VAT Receivable	B	24,111
Balance in hand		<u>7,705,484</u>



Appendices
Appendix C

Fees Estimate

For purposes of the Fees Estimate, the average rate per hour shown for each work activity is based on a blended rate calculated as a factor of the estimated time that each grade of staff will spend on that activity and their specific charge - out rate .

Time Costs to date

These are shown as the average rate per hour for each activity based on the actual time spent by each grade of staff at their specific charge - out rate.



Our Fees Estimates detailing the work that we anticipate will need to be undertaken on these cases for the duration of the appointments together with estimates of the likely cost and amount of time that each part of that work will take to complete, are is provided on the following pages.

The work anticipated to be undertaken has been categorised by activity which we hope is self explanatory. Please also refer to our Post Appointment Strategy on pages 12 and 13 where we have talked in more detail about specific tasks on these cases.

We have also separately identified and grouped those work activities that are primarily administrative in nature (including tasks required for statutory, regulatory or compliance purposes) from activities which can be seen to directly add value to the cases, such as asset realisation or dealing with claims.

As indicated at page 18, we intend to invite creditors to fix our fees in relation to work carried out in the administrations on a time costs basis. An analysis showing our time costs for this work to 23 November 2020 and the average hourly charge for each category of work undertaken to 23 November 2020 is also provided in the Fees Estimates on the following pages.

Please note that all partners and technical staff (including cashiers) assigned to the cases record their time spent working on the cases on a computerised time recording system. Time spent by secretarial staff working on the assignments are not recorded or recovered. The appropriate staff will be assigned to work on each aspect of the cases based upon their seniority and experience, and having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Time is charged in six minute increments

Appendices

Appendix D1

Retig

Administrative activities	Cashiering	27.0	630	17,010	18.1	529	9,582
	Case supervision	12.5	667	8,301	11.3	658	7,402
	Case reviews	1.1	947	1,042	-	-	-
	Case closure matters	2.5	734	1,835	-	-	-
Statutory & compliance	Compliance & IPS diary	14.0	456	6,390	7.9	526	4,158
	Insurance	1.5	630	945	-	-	-
	General reporting	30.7	471	14,446	15.6	462	7,202
	Regulatory & other legislation	1.0	800	800	-	-	-
Initial actions	Appointment matters	11.3	668	7,554	10.5	714	7,495
	Securing assets	3.5	553	1,935	1.5	1,070	1,605
	Notifications	24.0	419	10,045	23.3	344	8,016
Investigations	CDDA reporting	14.5	445	6,450	-	-	-
	Investigations	2.4	686	1,646	-	-	-
Total of above categories		146.0	537	78,399	88.2	516	45,460
Taxation	Tax	1.5	743	1,115	-	-	-
	VAT	2.0	758	1,515	-	-	-
Asset realisations	Third party assets	1.0	630	630	-	-	-
	Book debts	3.0	613	1,840	2.1	1,070	2,247
	Chattel assets	0.5	495	248	-	-	-
	Other assets	13.5	838	11,315	12.2	924	11,278
	Property	19.2	568	10,906	14.5	730	10,580
	Sale of business	143.0	822	117,515	138.8	865	120,014
Trading	Day 1 control of trading	3.0	664	1,993	3.0	587	1,760
	Ongoing trading	2.0	495	990	2.0	401	803
	Closure of trade	0.5	495	248	-	-	-
Employees	Consultation	4.0	596	2,385	-	-	-
	Correspondence	8.3	513	4,259	8.3	500	4,128
	Pensions	0.5	495	248	-	-	-
Correspondence	Creditors	19.3	412	7,936	12.8	370	4,718
	Shareholders	0.5	495	248	-	-	-
	Press & media queries	0.7	993	695	-	-	-
Distributions	Preferential creditors	1.9	616	1,171	-	-	-
	Unsecured creditors	15.2	462	7,005	-	-	-
Total fees estimate		385.5	650	250,657	281.7	713	200,986



Appendices
Appendix D2

Tonik

Administrative activities	Cashiering	60.0	630	37,800	40.9	371	15,156
	Case supervision	108.2	726	78,607	93.7	669	62,687
	Case reviews	8.4	512	4,302	-	-	-
	Case closure matters	20.5	577	11,835	-	-	-
	Compliance & IPS diary	16.5	493	8,133	4.7	352	1,653
Statutory & compliance	Insurance	11.5	638	7,335	-	-	-
	General reporting	76.7	523	40,081	40.3	483	19,443
	Regulatory & other legislation	2.4	500	1,200	-	-	-
	Appointment matters	36.0	795	28,630	33.4	813	27,158
Initial actions	Securing assets	8.0	868	6,940	7.7	662	5,098
	Notifications	52.0	457	23,755	49.7	329	16,376
Investigations	CDDA reporting	19.5	532	10,380	-	-	-
	Investigations	49.0	588	28,805	31.0	345	10,705
Total of above categories		468.7	614	287,803	301.4	525	158,274
Taxation	Tax	17.4	671	11,678	-	-	-
	VAT	35.1	587	20,588	18.2	922	16,791
Asset realisations	Third party assets	48.0	671	32,190	1.8	240	432
	Book debts	488.2	609	297,324	156.2	747	116,759
	Chattel assets	62.7	659	41,310	2.2	1,070	2,354
	Other assets	128.0	626	80,085	43.4	484	21,001
	Property	21.0	758	15,916	2.5	240	600
Trading	Retention of title	2.0	563	1,125	-	-	-
	Day 1 control of trading	37.0	768	28,400	36.9	754	27,841
	Ongoing trading	361.9	622	225,225	330.6	518	171,401
	Monitoring trading	165.1	654	107,963	64.2	749	48,069
	Closure of trade	62.6	585	36,630	-	-	-
Employees	Consultation	68.0	597	40,563	-	-	-
	Correspondence	118.4	541	64,008	67.2	489	32,856
	Pensions	0.5	495	248	-	-	-
Correspondence	Creditors	141.6	468	66,213	8.5	644	5,470
	Shareholders	2.1	1,000	2,100	1.5	800	1,200
	Customers	438.0	501	219,490	106.0	709	75,125
	Press & media queries	12.6	890	11,214	-	-	-
Distributions	Secured creditors	12.8	469	6,004	-	-	-
	Preferential creditors	40.2	448	17,994	-	-	-
Total fees estimate		2,731.9	591	1,614,079	1,140.5	595	678,173



Appendices

Appendix E

Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We estimate that the following disbursements are likely to be incurred in relation to the administrations.

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

Our estimate of Category 1 disbursements is given below, all figures are shown excluding VAT.

Retig Category 1 disbursements

Postage/Couriers	250	64
Specific Penalty Bond	230	-
Total disbursements	480	64

Tonik Category 1 Disbursements

Postage/Couriers	2,000	993
Specific Penalty Bond	230	230
Total disbursements	2,230	1,223

Category 2 disbursements

These are costs and expenses which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administrations estate.

We do not anticipate any category 2 disbursements during the appointments.



Appendices

Appendix F

We are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek a decision from creditors on the following matters:

1. Approval of our Proposals;
2. Whether a creditors' committee should be established.

We intend to seek approval of our Proposals using the deemed consent procedure. This means that unless you wish to object to our Proposals you do not need to take any action. If you do wish to object, you must notify us of your objection before 23.59 hours on 15 December 2020. For further details, please refer to the Notice of Decision to be held by Deemed Consent which has been uploaded to the case website at [\[link\]](#) for viewing and download.

As indicated on page 19 we will also be inviting creditors to decide on other matters, including to fix the way in which our fees will be paid in each company, and as set out below:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration plus VAT.
2. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage as detailed on page 32 be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.

3. Approval that the Joint Administrators' pre administration fees and expenses, including legal fees, of £14.2k and £125.8k for Retig and Tonik respectively as detailed on page 21 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses plus VAT, from the administration estate.
4. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

We are required to take these decisions using a creditors' decision procedure, that is, a procedure which enables creditors to vote for or against the matters under consideration. We propose to do this by correspondence further details of which will be uploaded to the website within 1-2 weeks of our proposals being approved as on page 19.

As we will be asking creditors to fix the basis on which our fees and expenses are to be paid, Fees Estimates together with details of the expenses that have been or are likely to be incurred have been included within our Proposals for your information. A copy of "A Creditors' Guide to Administrator's Fees" has also been placed on the website together with Frequently Asked Questions about decision procedures in insolvency proceedings.

Please note that in the event that a creditors' committee is formed, specific approval for resolutions 1,2, 3 and 4 above will be requested from the creditors' committee.



Appendices

Important notice

Important Notice

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