

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

SATURDAY



AAERJW4Q

A05

09/10/2021
COMPANIES HOUSE

#214

1 Company details

Company number 0 9 8 1 2 6 7 3

Company name in full Tonik Energy Limited

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

2 Court details

Court name High Courts of Justice The Business and Property

Courts In Birmingham

Court case number 0 0 0 4 7 0 2 0 2 0

3 Administrator's name

Full forename(s) Matthew James

Surname Cowlshaw

4 Administrator's address

Building name/number 156 Great Charles Street

Street Queensway

Post town Birmingham

County/Region

Postcode B 3 3 H N

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

5	Administrator's name ①	
Full forename(s)	Paul James	① Other administrator Use this section to tell us about another administrator.
Surname	Meadows	
6	Administrator's address ②	
Building name/number	156 Great Charles Street	② Other administrator Use this section to tell us about another administrator.
Street	Queensway	
Post town	Birmingham	
County/Region		
Postcode	B 3 3 H N	
Country		
7	Appointor/applicant's name	
	Give the name of the person who made the appointment or the administration application.	
Full forename(s)		
Surname		
8	Proposed liquidator's name	
Full forename(s)	Matthew James	
Surname	Cowlshaw	
Insolvency practitioner number	0 0 9 6 3 1	
9	Proposed liquidator's address	
Building name/number	156 Great Charles Street	
Street	Queensway	
	Birmingham	
Post town		
County/Region		
Postcode	B 3 3 H N	
Country		

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Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name^①

Full forename(s)	Paul
Surname	Meadows
Insolvency practitioner number	0 1 1 8 9 0

① Other liquidator

Use this section to tell us about another liquidator.

11 Proposed liquidator's address^②

Building name/number	156 Great Charles Street
Street	Queensway
	Birmingham
Post town	
County/Region	
Postcode	B 3 3 H N
Country	

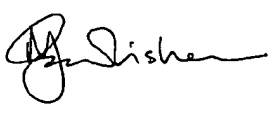
② Other liquidator

Use this section to tell us about another liquidator.

12 Period of progress report

From date	d 1 2	m 0 4	y 2 0	y 2 0
To date	d 3 0	m 0 9	y 2 0	y 2 1

13 Final progress report
☒ I have attached a copy of the final progress report.
14 Sign and date

Administrator's signature	Signature X  X
Signature date	d 0 8 m 1 0 y 2 0 y 2 1

AM22

Notice of move from administration to creditors' voluntary liquidation



Presenter information

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

Contact name

Company name

Teneo Restructuring Ltd

Address

156 Great Charles Street

Queensway

Post town

Birmingham

County/Region

Postcode

B 3 3 H N

Country

DX

Telephone

+44 121 619 0120



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

Tonik Energy Limited (in administration) **(“Tonik”) (“the Company”)**






Final progress report to creditors pursuant to rules 18.6 and 3.53 of the Insolvency (England & Wales) Rules 2016 (“the Rules”).

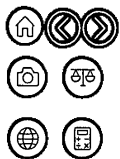
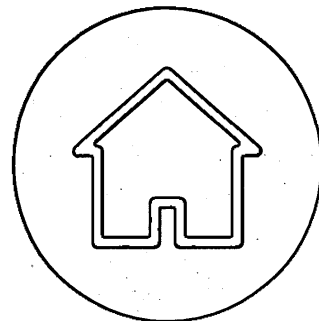
8 October 2021

Matthew James Cowlishaw and Paul James Meadows (“the Joint Administrators”) were appointed Joint Administrators of Tonik Energy Limited on 12 October 2020 by the directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Teneo Restructuring Limited (“Teneo”) 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 Insolvency Act 1986 (as amended), (“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.

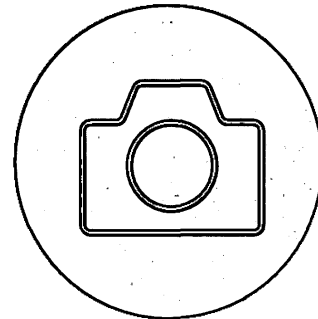
Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

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Key messages



Key messages

Joint Administrators of the Company

Matthew James Cowlshaw

Paul Meadows

Teneo Restructuring Limited

156 Great Charles Street

Queensway

Birmingham

B3 3HN

Contact details

Email: vinay.mistry@teneo.com

www.ips-docs.com

Tel: 0121 619 0149



Commentary	
Purpose of administration	<ul style="list-style-type: none">The purpose of the administration was to achieve a better result for the company's Creditors as a whole than a liquidation.
Important Notice re Administrators	<ul style="list-style-type: none">On 29 May 2021 the UK Restructuring Practice of Deloitte LLP was sold to Teneo Restructuring Limited (the "Transaction"). The majority of live insolvency appointments, including this administration appointment, were transferred to Teneo Restructuring Limited ("Teneo"), with their respective officeholders and case teams, as part of the Transaction. Please also note that our Teneo contact details are provided on the left hand column of this page.
Achievement of the Joint Administrators' Proposals	<ul style="list-style-type: none">The orderly wind down of the business is now complete and final billing for all customers has been completed and transferred to Scottish Power.An appropriate number of employees were retained to complete the final billing exercise and resolve various billing disputes with customers. A third party billing provider was also engaged to support this process.Following a sale of shares held by the Company's parent company, Retig Ltd ("Retig"), (also in Administration) in Phoenix Renewables Limited ("The Phoenix Works"), the intercompany debt position due from The Phoenix Works was settled and c.£23k has been received into the administration estate.Cash at bank of c.£5.6m was realised.Book debts totalling c.£4.84m were recovered, with assistance from a Debt Collection Agency, Creditstyle Ltd ("Creditstyle").During the administration £2.5m has been received from merchant service provider Gocardless Ltd ("GoCardless").Chattel assets realised £10k and an insurance refund of £2k was also realised in the administration.
Costs	<ul style="list-style-type: none">Our fee basis was fixed on a time costs basis by a vote of the Unsecured Creditors on 28 January 2021. We have to date incurred total time costs of c.£2.3m and have drawn fees of £1.4m. Please see pages 14 and 15 for further details.Disbursements of c.£8.1k have been incurred since our last report and c.£38.6k in the duration of the Administration. No disbursements have been drawn during the period. Please refer to page 16 for details of the total costs.Third party costs relating to legal consultancy, IT, billing, professional and other ad hoc work amounted to £371.5k in the period and £788.4k in the duration of the Administration. Please refer to page 8 for details of the total costs.
Outcome for Creditors	<ul style="list-style-type: none">The Secured Creditor, BP Gas Marketing Limited ("BP"), was paid c.£5m in respect of their security after agreeing to settle their secured claim at this amount.A preferential pension scheme claim for c.£1k will be settled in the subsequent Creditors' Voluntary Liquidation ("CVL").There are no Secondary Preferential Creditors in the Company as the statutory provisions do not apply.Unsecured Creditors will receive an unsecured dividend in the subsequent CVL.
End of the administration period	<ul style="list-style-type: none">The period of the administration was not extended and is due to end on or before 12 October 2021. The Administration will exit into CVL to allow for an unsecured distribution to be made. Please refer to page 12 for further details.



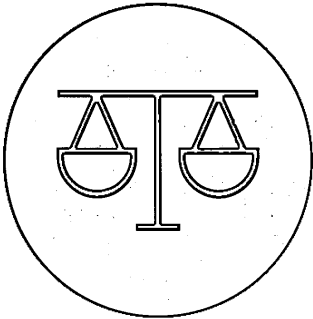
Summary Proposals

Steps taken

5

Costs

8



Summary of the Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the administration include:

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses;
- assessing the affairs of the Company and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management;
- continuing with enquiries into the conduct of the directors of the Company and continuing to assist any regulatory authorities with any investigation into the affairs of the Company;
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution;
- 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 administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration.
- that, if the Company is 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.

Specific approval from the Unsecured Creditors was sought 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 administration. Please refer to page 14 for details.



Summary Proposals

Steps Taken



The Joint Administrators' Proposals

Our Proposals were approved by deemed consent of the creditors of the Company on 11 December 2020.

Extensions to the administration

It was not necessary to extend the period of the administration.

Steps taking during the administration

Statutory tasks

During the administration we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case set-up and management actions, including updating the creditor portal for the cases, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the proposals and a progress report;
- Appointment notifications, including notifying the relevant parties of the appointments;
- Confidential reports to the Insolvency Service on the directors' conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

No further avenues of recovery were identified as result of our investigations.

Wind down of the Company's operations

Scottish Power was appointed as the Supplier of last resort ("SOLR") by Ofgem and we have worked with them to ensure a smooth transfer of customer accounts whilst preserving maximum value of the debtors' ledger. We liaised with key suppliers to provide essential services for the wind down operation and to minimise disruption for customers.

We have also developed a manual billing tool to enable the completion of the remaining final bills to be completed outside of the billing platform. On 11 March 2021 we notified the provider of the billing system that we will no longer require their services, as the final billing for all customers has been completed and transferred to Scottish Power.

Cash at bank

We have realised £5.6m cash at bank compared to an estimated value of £5.5m in the Company's statement of affairs.

Book Debts

Book debt recoveries included in the Statement of Affairs were £3.3m for billed and unbilled debt. During our appointment we have collected a total of c.£3.6m and in the period since our last report we have collected £1m. Due to the limited employees available for debt collection activities, we engaged Creditstyle to communicate directly with customers to collect outstanding balances on our behalf.

During our appointment c.£11.8m of customer debt had been passed to the Creditstyle for collection.

There still remains a small amount of customer debts which Creditstyle will continue to collect in the subsequent CVL, however, recoveries are not expected to be material.

Funds Received from Merchant Service Provider

We have also received funds totalling c.£2.5m held by the merchant service provider GoCardless in relation to direct debits received from customers. An amount of c.£0.5m is currently being held by GoCardless as a retention to cover any final costs incurred by GoCardless, including possible chargebacks by customers. The net balance will be received 6 months after our final transaction, which is anticipated to be in February 2022, and will be realised in the subsequent CVL.

Summary Proposals

Steps Taken

The Joint Administrators' Proposals (continued)

Director Conduct Reports

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 8 January 2021 for the company.

Chattel Assets

As at the date of appointment, the Company owned a quantity of tangible assets including employee laptops, fixtures and fittings and other items across its trading premises.

We engaged OCM Business Systems Ltd ("OCM"), who are specialists in the collection and realisation of assets, to deal with a sale of these assets. They have realised c.£10.4k in the period since our appointment.

Insurance refund

We have realised an insurance refund of c.£2.1k.

Creditors

Distributions totalling c.£5m have been made to the secured creditor, BP, following adjudication of their claim.

Employee retention

Shortly after our appointment 59 employees were identified as critical to the operational wind down and all other employees were made redundant. For the remaining employees adequate retention packages were put in place to retain employees where possible.

To date one employee is left to assist with the operational wind down of the IT infrastructure and they will be retained until 18 October 2021.

Third Party support

Due to the level of employee attrition we engaged with a third party billing provider ("DDC") who provided support with customer billing and inbound emails from customers. DDC were used by the Company pre-administration and therefore have the underlying knowledge of the customer accounts and billing platform.

We also retained IT contractors and billing specialists who worked with the Company previously to provide billing strategy and support to the remaining employees and DDC. Costs are covered on page 8.

Pre-appointment VAT Returns

At the date of our appointment, there was an outstanding pre-appointment VAT return to be submitted. A return for the final period up to the date of the administration appointment was completed in the period. This showed a payment due to HMRC of c.£52k.

The Statement of Affairs shows a pre-appointment VAT return in a repayment position of c.£350k that we are yet to receive from HMRC. We expect this repayment will be received in the subsequent CVL, net of the liability of c.£52k as outlined above.

Intercompany Debt

Funds totalling c.£23k were received in the previous period from the settlement of the intercompany debt with The Phoenix Works, following the sale of its shares.



Summary Proposals

Costs



Cost of the work done

We have summarised below details of costs and expenses incurred during the report period and for the period of our appointment.

Agents' Costs

The following third party expenses have been paid in the period:

- Sephton & Company LLP ("Sephton") have facilitated payroll payments to the Company's employees for which they have billed c.£1.4k in respect of their fees in the period. Total costs to date are c.£9.7k.
- DDC Outsourcing Solutions UK ("DDC") have been used to provide billing and communication services and have charged £55.3k in the period. Total costs to date are c.£94.6k.
- We have also retained the Data Protection Officer on a consultancy basis who has billed c.£22.6k in the period. Total costs to date are c.£36.4k.
- Recoveries from Creditstyle attract an 11-14% commission depending on the stage of collection and Creditstyle are operating on a "no collect, no fee" basis. In respect of this work they have received c.£137k in the period and to date in the Administration.
- The Merchant Service Provider ("MSP") GoCardless facilitated customer debt payments for this they have billed c.£34k in the period and to date in the Administration.
- Finance contractor costs of c.£15.7k relate to work done by the Company's former director Christopher Russell in aiding the early stage of the administration.

Total agents' costs for the period of the administration were c.£327.4k.

We have retained IT consultants who have provided various IT services relating to billing strategy, processing customer payments and other ad hoc issues as follows:

- Eneropp Ltd have been paid c.£7.2k in the period. Total costs to date are c.£95.7k, in respect of providing IT services relating to the customer credit billing calculations and reconciliations.

Agents' Costs (continued)

- Brookson Solutions Ltd have been paid c.£33.2k in the period. Total costs to date are c.£75.2k, relating to preparation of historical debit billing calculations.
- The billing platform provider Gentrack UK Ltd have billed c.£105.3k in the period. Total costs to date are c.£288.3k.

Total IT costs for the period of the administration were c.£459k.

Legal Costs

We instructed Gowling WLG ("Gowling"), a firm of lawyers with the appropriate expertise and experience in dealing with this type of administration, to advise on the following legal matters and to prepare required legal documentation in relation to the Company as follows:

- Validity of appointment review
- reviewing the Secured Creditor claim,
- Compliance with data protection matters
- Ofgem related court filings and
- General insolvency advice.

Gowling estimated that their total fees, including fees relating to the validity of appointment review as outlined above, would not exceed c.£100k (exclusive of VAT and disbursements).

In the report period we have paid Gowling fees totalling c.£9.5k in respect of work relating to:

- Supporting our negotiations with the Secured creditor.
- Reviewing our contractual agreement for the outsourced work provided by DDC.

Gowling have dealt with the above matters during the period of the administration appointment for which they have billed c.£51.4k in total, which has been paid in full.

We expect legal costs in the subsequent CVL to be minimal and accordingly the estimate of c.£100k for legal costs given in our Proposals is likely to have been overstated.

Gowling have also incurred disbursements of £140 (plus VAT) to date of which £57 has been paid to date.

All costs have been paid, as shown in the receipts and payments account on page 10. All professional costs were reviewed and analysed in detail before payment was approved.

Progress of the administration

Pre-administration costs

Pre administration costs

We included the following statement of pre administration costs in our Proposals:

In the following paragraphs we have provided an explanation of the work carried out by us and by Gowling in the period prior to the administration 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 Company.

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.

- Preparation of documents for the Court hearing on 6 October 2020 in relation to confirmation of the Company's solvency status required under the SOLR process.
- Attendance at the Court hearing.
- Liaison with Ofgem.
- Considering the impact of an administration appointments, including funding requirement to manage a wind down/sale.
- Preparing strategies in relation to employees and customers.
- Considering post-appointment options in relation to dealing with customer book in a SOLR.
- Dealing with press and PR queries immediately prior to the administrations.
- Obtaining FCA consent.
- Liaising with lawyers in relation to preparation and signing of appointment documents.
- Establishing ownership and location of assets.
- Collating company data, financial information and stakeholder records in preparation for the administration appointments.

- Analysis and advice from a tax perspective on immediate tax actions required by the administrators on appointment.
- Liaison with the Secured Creditor and investor.

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

These third party costs were approved for the Company by a decision of the unsecured creditors on 28 January 2021 and have been paid as shown in the Receipts and Payments on page 10.



Progress of the administrations

Receipts and payments

Tonik Energy Limited				
Joint Administrators' receipts and payments account				
12 April 2021 to 30 September 2021				
£	SoA values	Notes	Period	To date
Receipts				
Floating Charge Receipts				
Furniture & Equipment	-	-	-	10,470
Insurance Refund	-	-	-	2,160
Coronavirus Job Retention Scheme	-	-	-	475
Bank Interest Gross	-	227	-	557
Funds Received From MSP	-	-	-	2,490,581
Interco Receipt from The Phoenix Works	-	-	-	23,000
Book Debts	3,325,000	-	1,068,440	3,649,300
Cash at Bank	5,511,285	-	-	5,565,378
HMRC VAT Refund	350,791	-	-	-
Total receipts	9,187,076		1,068,667	11,741,920
Payments				
Floating Charge Payments				
Expenses - Employees			90	90
Wages and Salaries			182,050	990,355
MSP Costs			34,011	34,011
Debt Collection Costs			137,403	137,403
Pre - Administration Fees			60,238	60,238
Inter Co Transfer to Retig		A	707	7,564
IT costs			145,607	459,262
Finance Contractor Costs			-	15,680
DPO Contractor Costs			22,600	36,380
Administrators' Fees			1,400,000	1,400,000
Administrators' Expenses			30,494	30,494
Third Party Billing Provider ("DDC")			55,338	94,553
Legal Fees - Post Appointment			51,471	51,471
Legal fees - Pre Appointment			23,115	23,115
Irrecoverable VAT		B	-	5,938
Telephone Telex & Fax			28	50
Legal Fee Disbursements			57	57
Storage Costs			4	4
Postage & Redirection			968	1,289
Statutory Advertising			-	95
Bank Charges			96	211
Distribution to Floating Charge Holder		C	2,039,814	5,039,814
Total payments			4,184,090	8,388,073
Balance				3,353,847
Made up of:				
VAT Receivable		B		212,103
Interest Bearing Bank Account		D		3,141,743
Balance in hand				3,353,847

Notes to the receipts and payments accounts

Receipts and payments accounts are provided opposite detailing the transactions since our appointment on 12 October 2020.

Notes to receipts and payments accounts

A – Intercompany transfers

This relates to costs invoiced to Retig Ltd for IT services provided to the Company.

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. Certain VAT balances in respect of invoices settled during the administration period, but relating to the pre administration period, are irrecoverable.

C – Secured Creditor Payment

The secured creditor is BP which holds a floating charge. BP has been repaid its agreed claim in full. Please see page 12 for further details.

D - Bank interest

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

Rounding note

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

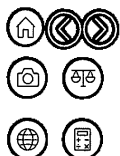
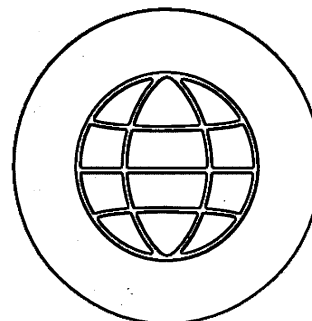




Information for creditors

Outcome for creditors

12



Information for creditors

Outcome for creditors

Secured creditors

Secured Creditor

The Company's records show that the Company owed BP c.£5m in its capacity as the Secured Creditor. BP had a floating charge debenture which was granted by the Company on 8 December 2017.

Distributions of c.£1m and c.£2m were made to BP on 21 December 2020 and 31 March 2021 respectively. We paid the remaining balance of £2,039,814.36, on 17 September 2021 in full satisfaction of the agreed claim of £5,039,814.

No further distributions will be made to BP as their agreed claim has been repaid in full.

Preferential creditors

In our Proposals we estimated that there would be circa 171 preferential claims totalling c.£250k. These claims were in respect of arrears of wages and holiday pay.

The Joint Administrators paid these sums as an expense of the administration, as it was necessary to settle these costs to retain the employees to assist with the final billing exercise and to resolve various billing disputes with customers.

We therefore do not anticipate any preferential claims being made in respect of arrears of pay or holiday pay, however we expect to receive a claim in connection with a residual pension scheme claim estimated at c.£1k.

Preferential claims will be paid in full in the subsequent CVL.

Secondary Preferential Creditor

No secondary preferential claims were anticipated as the statutory provisions do not apply to this administration.

Prescribed Part

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.

BP has been paid in full and unsecured creditors will therefore receive a dividend over and above the value of the distribution in the subsequent CVL that would have been paid under the Prescribed Part.

Unsecured creditors

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

As detailed above, it is likely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors of the company (over and above the value of the distribution that would have been paid under the Prescribed Part). Currently the quantum of the dividend that will be made available to unsecured creditors is unknown, as we have not yet received claims from a large number of unsecured creditors. Updates in respect of the anticipated dividend position for unsecured creditors will be provided in future reports in the subsequent CVL.

End of the administration

The administration will end when the appropriate notice has been registered at Companies House, following which the company will move from administration into CVL to enable payment of a dividend to unsecured creditors. We are also waiting to realise final assets in the form of a small amount of customer debts which GoCardless and Creditstyle are collecting and will continue to collect in the subsequent CVL.

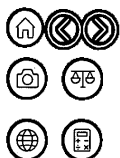
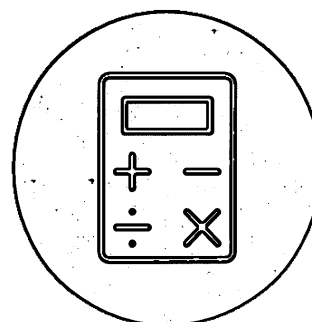




Remuneration and expenses

Joint Administrators' remuneration

14



Remuneration and expenses

Joint Administrators' remuneration

Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com.

Should you require a paper copy, please send your request in writing to us at the address on page 3 of this report and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed by the creditors on 28 January 2021 by reference to the time properly given by the Joint Administrators and their staff, plus VAT thereon.

We have drawn a total of c.£1.4m in the period in respect of our time costs to date, as shown in the receipts and payments account on page 9.

Please note that we do not intend to draw the full value of time costs incurred and the balance of our time costs, in line with our approved fee estimate, will be drawn in the subsequent CVL.

Time costs - analysis of actual against Estimate

Please refer to page 14 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and for the entire period of our appointment. As you will see our total time costs to 30 September 2021 are £2,309,766 made up of 4,718 of hours at a blended charge out rate of £490 across all grades of staff.

Our actual time costs are higher than we anticipated for the reasons set out below:

- Higher costs than expected were incurred while recovering book debts due to the complex nature of final billing to former customers.
- Ongoing trading matters such as cashflow monitoring, employee payroll, general management of operations as well as significant correspondence with suppliers.
- Lengthy and complex ongoing winding down matters such as employee payroll, liaison with retained employees as well as correspondence with suppliers.
- Additional cashiering tasks have been carried out with relation to purchase ledger, bank reconciliation activity.
- Higher volume than anticipated of customer queries regarding final billings and disputes.
- Review and adjudication of the secured creditor's claim.
- Dealing with the Company's VAT affairs in respect of both pre and post appointment periods.

For these reasons our time costs exceeded our initial estimate. As a result and in accordance with rule 18.30 of the Rules we may seek approval from the creditors for permission to draw a further fee in the subsequent CVL.



Joint Administrators' time costs for the period 12 April 2021 to 30 September 2021

All staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period			Actual Time and Costs since Appointment		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)	Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	60.0	630	37,800	126.7	292	37,027	421.7	193	81,206
	Case supervision	108.2	726	78,607	80.9	481	38,902	348.6	514	179,243
	Case reviews	8.4	512	4,302	-	-	-	-	-	-
	Case closure matters	20.5	577	11,835	2.0	380	760	2.0	380	760
Statutory & compliance	Compliance & IPS diary	16.5	493	8,133	17.1	846	14,451	46.4	580	26,923
	Insurance	11.5	638	7,335	2.1	800	1,680	2.1	800	1,680
	General reporting	76.7	523	40,081	86.7	470	40,781	201.1	506	101,783
	Statutory meetings	-	-	-	6.6	891	5,881	13.1	761	9,976
Initial actions	Regulatory & other legislation	2.4	500	1,200	-	-	-	13.5	630	8,505
	Appointment matters	36.0	795	28,630	-	-	-	39.4	721	28,388
	Securing assets	8.0	868	6,940	-	-	-	7.7	662	5,098
	Notifications	52.0	457	23,755	-	-	-	80.6	295	23,792
Investigations	CDDA reporting	19.5	532	10,380	-	-	-	61.7	285	17,598
	Investigations	49.0	588	28,805	1.5	380	570	32.5	347	11,275
Total of above categories		468.7	614	287,803	323.6	433	140,051	1,270.3	391	496,226
Taxation	Tax	17.4	671	11,678	1.9	959	1,841	4.1	1,032	4,250
	VAT	35.1	587	20,598	91.0	636	57,830	166.0	631	104,685
Asset realisations	Third party assets	48.0	671	32,190	-	-	-	1.8	240	432
	Book debts	488.2	609	297,324	143.3	680	97,496	586.5	664	389,503
	Chattel assets	62.7	659	41,310	-	-	-	2.2	1,070	2,354
	Other assets	128.0	626	80,085	65.3	501	32,754	173.1	460	79,650
Trading	Property	21.0	758	15,916	-	-	-	2.5	240	600
	Retention of title	2.0	563	1,125	-	-	-	-	-	-
	Day 1 control of trading	37.0	788	28,400	-	-	-	36.9	754	27,841
	Ongoing trading	361.9	622	225,225	493.3	436	215,091	1,095.4	458	502,093
Employees	Monitoring trading	165.1	654	107,963	-	-	-	137.2	733	100,519
	Closure of trade	62.6	585	36,630	-	-	-	-	-	-
	Consultation	68.0	597	40,563	-	-	-	-	-	-
	Correspondence	118.4	541	64,008	81.6	428	34,764	187.6	448	83,990
Correspondence	Employment tribunals	-	-	-	3.5	650	2,275	6.1	531	3,237
	Pensions	0.5	495	248	5.2	634	3,307	5.5	622	3,399
	Creditors	141.6	468	66,213	10.1	729	7,360	89.2	663	59,146
	Shareholders	2.1	1,000	2,100	-	-	-	1.5	800	1,200
Distributions	Customers	438.0	501	219,490	282.4	490	138,330	932.8	472	440,036
	Press & media queries	12.6	890	11,214	-	-	-	-	-	-
	Secured creditors	12.8	469	6,004	7.7	816	6,240	19.5	545	10,606
	Preferential creditors	40.2	448	17,994	-	-	-	-	-	-
Total fees estimate		2,731.9	591	1,614,079	1,508.9	489	737,336	4,718.0	490	2,309,766

Remuneration and expenses
Detailed information

Category 1 Disbursements

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

Disbursements

Our disbursements are summarised below:

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required. IT costs of £5.8k have been incurred as Category 1 expenses. These costs include services in relation to IT infrastructure, emailing service providers and small ad-hoc expenses. These costs were not estimated in our Proposals but were incurred as a result of escalating customer billing queries that required streamlined processes on software platforms.

Table with 5 columns: £ (net), Estimated per Proposals, Incurred in report period, Paid, Unpaid. Rows include Postage/Couriers, Specific Penalty Bond, IT Costs, and Total disbursements.

Our category 1 disbursements have been partially recovered and any unpaid balances will be recovered in the subsequent CVL.

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.



Remuneration and expenses

Category 2 Disbursements

These are costs and expenses initially paid by us and 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.

Additional note regarding category 2 disbursements

Prior to the move of the Deloitte UK Restructuring team to Teneo Restructuring Limited, ("the Transaction"), the work delivered by other Deloitte service lines was charged to the estate to be recovered as part of the Joint Administrators' remuneration (from which an internal recharge would have then been made). We have thus included the anticipated costs for the services being delivered by Deloitte LLP in our fees estimate as approved by creditors.

Following the Transaction, we are now required to seek approval before making payment to Deloitte LLP in respect of their costs which now fall to be treated as Category 2 disbursements.

For avoidance of doubt however, all such costs will be paid out of our approved remuneration, i.e. will not be an additional cost. Details regarding the Deloitte LLP costs and services are provided opposite.

Deloitte India ("DIJV"), Forensics, VAT and Call Centre

We engaged the services of DIJV, Deloitte Forensic, Deloitte VAT, and Deloitte Call Centre which were then separate internal services within Deloitte, to assist with

- **DIJV** - case management and administration;
- **Forensics** – investigatory workstreams; and
- **VAT** – the provision of indirect tax services
- **Call Centre** – Customer communications

The services of the DIJV and VAT teams are ongoing and have been provided for in our fees estimate on page 14 and will be paid out of our approved remuneration. We have also updated the fees estimate to show the time incurred by these service lines since 12 April 2021.

The work of the Call Centre and Forensics service ended prior to the Transaction on 29 May 2021.

We are nonetheless required to seek approval before making payment to these service lines in relation to these costs and this will be done as part of a creditors' decision procedure in the subsequent CVL.

Details of creditors' right to request information and right to challenge remuneration and/or expenses are detailed at page 15.

Time charges

Their work is charged as follows

- **DIJV** - on a time costs basis, at a fixed rate of £360 plus VAT per hour;
- **VAT and Forensics (for general administration work)** – on a time cost basis using the below charge out rates, per hour:

Grade	From 1 June 2021
Partners & Directors	1,100 - 1,195
Assistant Directors	900
Managers	815
Assistant Managers	650
Assistants & Support	380

- **Forensics (for investigation work)** – on a time cost basis using the below charge out rates, per hour:

Grade	From 1 June 2021
Partners & Directors	660 - 717
Assistant Directors	540
Managers	489
Assistant Managers	390
Assistants & Support	228

- **Call Centre** - on a time cost basis using the below charge out rates, per hour:

Grade	From 1 June 2021
Senior Manager	256
Operations Manager	94
Agent	34





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Teneo Restructuring Limited is registered in England & Wales with registered number 13192958 and its registered office at 5th Floor, 6 More London Place London, SE1 2DA, United Kingdom