

AM10

Notice of administrator's progress report



Companies House

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

1

Company details

Company number	1	0	3	0	0	8	6	1
Company name in full	Rutherford Energy Supply 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 County/	B1 2HZ
Region	
Postcode	
Country	

4

Administrator's name ①

Full forename(s)	Daniel James Mark
Surname	Smith

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

5

Administrator's address ②

Building name/number	PO Box 500
Street	2 Hardman Street
Post town County/	Manchester
Region	
Postcode	M 6 0 2 A T
Country	

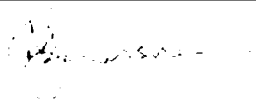
② Other administrator
Use this section to tell us about
another administrator.

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Notice of administrator's progress report

6	Period of progress report															
From date	2	2	0	4	2	0	2	0								
To date	2	1	1	0	2	0	2	0								

7	Progress report															
<input checked="" type="checkbox"/> I attach a copy of the progress report																

8	Sign and date															
Administrator's signature	<div><div>Signature</div><div>X</div><div></div><div>X</div></div>															
Signature date	1	8	1	1	2	0	2	0								

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Notice of administrator's progress report



Presenter information

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

Contact name **Aaron Banks**

Company name **Deloitte LLP**

Address **Four Brindleyplace**

Birmingham

Post town **B1 2HZ**

County/Region

Postcode

Country

DX

Telephone **+44 121 632 6000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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



**Rutherford Energy Supply Limited
(in Administration)**
("Rutherford"/ "the Company")

Progress report to creditors for the period 22 April
2020 to 21 October 2020 pursuant to rules 18.2 to
18.6 inclusive of the Insolvency (England & Wales)
Rules 2016 ("the Rules")

Court Case No. CR-2019-LDS-001123

High Court of Justice
Business and Property Courts in Leeds

Company Number: 10300861

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

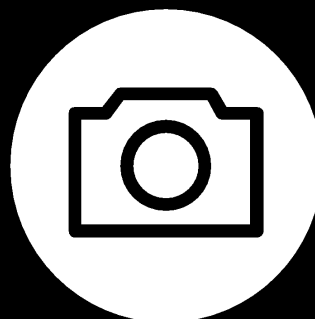
Matthew James Cowlshaw and Daniel James Mark Smith ("the Joint Administrators") were appointed Joint Administrators of the Company on 22 October 2019 by the Court. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of 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 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.

19 November 2020

Key messages



Key messages

Joint Administrators of the Company

Matthew James Cowlshaw

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Daniel James Mark Smith

Deloitte LLP
2 Hardman Street
Manchester
M60 2AT

Contact Details

Email: @deloitte.co.uk
Website: www.ips-docs.com
Tel: +44 0121 695 5827



Commentary

- The purpose of the administration is to achieve a better result for the Company’s creditors as a whole than a liquidation.
- Prior to the appointment of the Joint Administrators, the Company had ceased to trade due to the Office of Gas and Electricity Markets (“Ofgem”), the industry regulator, revoking the Company’s energy supply licences.
- Due to the coronavirus pandemic (“Covid-19”) and the nationwide shutdown of businesses in the period, it has not been possible to recover any further book debts during this period.
- Our time costs for the period of the report are £61,193. Please see page 11 for further details.
- No disbursements have been incurred during the report period. Please see page 13 for further details.
- Realise the remaining book debts that are considered collectable.
- Settle the outstanding liabilities of the Administration.
- Agree the claims of the Company’s preferential creditors and make distributions.
- If sufficient funds move to creditors’ voluntary liquidation to enable payment of dividend to unsecured creditors.
- Statutory closing procedures.
- There are no secured creditors.
- Preferential creditors – It is expected that there will be sufficient realisations to enable payment in full of preferential claims.
- Unsecured creditors – Presently we consider that there may be a distribution for unsecured creditors, however this is dependant upon the level of future asset realisations.
- The period of the administration has been extended to 21 October 2021. It is unlikely that any further extension will required.

Progress of the administration Summary

Wind-down strategy

Prior to our appointment, Ofgem transferred all of the Company's customers under a Supplier of Last Resort ("SOLR") process to TOTAL Gas & Power Limited ("TGP").

We have previously set out, in the Joint Administrators Proposals and progress reports to creditors, the strategy adopted to enhance asset recoveries of the Company.

At the time of the appointment of the Joint Administrators, the Company's only assets were cash at bank and book debts.

Book Debts

Book debts totalling £152,319 have been recovered to date.

The collection of the book debts has been hampered by the Company's records being incomplete, inter alia;

- the majority of the customers disputing amounts due,
- cash that had been paid pre appointment had not been posted to the sales ledger,
- the majority of debts were at least over 12 months old at appointment; and
- there was, in certain instances, an over estimation of meter readings on company invoices leading to a further reduction in the sales ledger.

Prior to the effect of Covid-19, the Joint Administrators were pursuing some £63k of book debts which were considered to be recoverable.

During the period, the Joint Administrators have continued to review the Company's book debt records and liaise with customers to resolve disputed accounts. However, due to UK Government restrictions, a substantial number of these customer businesses were closed and thus no further collections have been obtained during this period.

We are continuing to pursue the remaining collectable debts.

Cash at bank

The Company bank accounts held funds of c.£291k at the date of appointment and these amounts have been transferred to the Administrators' bank account.

Creditors

The director has not lodged a statement of affairs for the Company.

However, Company records indicate 47 unsecured creditors with estimated non-preferential claims totalling c.£3.1m. To date, 18 creditors have submitted unsecured claims of c.£3.8m against the Company.



Progress of the administration Summary

Investigations

All investigation work in regard to the conduct of the director of the company has been completed.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on the cover page.

Statutory tasks

During the period 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 management actions, including updating the insolvency creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, includes the preparation of the previous progress report;
- 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.
- Correspondence with creditors

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

The following third party expenses have been incurred during the report period:

- Legal Costs:
 - Pinsent Mason LLP has reviewed the validity of our appointment, attended to a number of legal queries following the SOLR, general legal advice throughout and also chased certain book debts for which they have billed and been paid £30,000 plus VAT. We anticipate additional legal costs of c.£5,000 will be incurred prior to closure.

All professional costs are reviewed and analysed in detail before payment is approved.



Progress of the administration

Receipts and payments

Joint Administrators' receipts and payments account 22 April 2020 to 21 October 2020

Receipts

Book Debts	4	(6,241)	152,319
Cash at Bank		-	291,534
Bank Interest Gross		200	451
Total receipts		(6,041)	444,305

Payments

Wages and Salaries		(659)	125,387
Payroll Bureau		-	213
Pre Appointment Administrators' Expenses		-	1,908
Pre Appointment Administrators' Fees		-	30,466
Administrators' Fees		105,000	105,000
Storage of Company Equipment		1,400	2,400
Website Costs		267	2,994
Agents/Valuers' Fees		-	800
Pre-Appointment Legal Fees/Disbs		-	18,000
Legal Fees		30,000	30,000
IT Costs		3,645	20,360
Storage Costs		275	275
Postage & Redirection		-	422
Statutory Advertising		-	175
Rents Payable		-	7,923
Insurance of Assets		539	539
Bank Charges		8	54
Pre Appointment Counsel Fees	3	-	1,750
Ransom Payments		-	6,355
Irrecoverable VAT		-	1,872
Storage of Books and Records		-	130
Total payments		140,476	357,022

Balance

87,282

Made up of:

VAT Receivable/(Payable)	2	5,163
Deposit Bank Account	1	82,119
Balance in hand		87,282

A receipts and payments account is provided opposite, detailing the transactions during the report period and also cumulatively for the entire period of our appointment on 22 October 2019 to 21 October 2020.

Notes to receipts and payments account

Statement of Affairs

No statement of affairs has been provided for the Company, accordingly we are unable to provide comparative figures based on estimated to realise values.

Note 1 – All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

Note 2 – All sums shown opposite are shown net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course.

Note 3 – In accordance with the Court order appointing the Joint Administrators, pre appointment Counsel fees were payable from the administration estate and did not require prior creditor approval.

Note 4 – Due to a posting error, books debts were previously overstated by £6,241, this position has been corrected in the period.

Rounding note

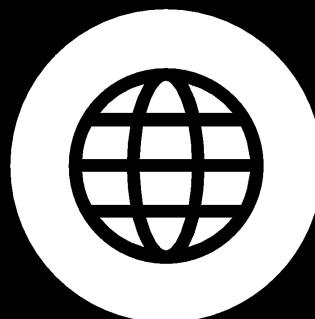
In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Information for creditors

Outcome

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Information for creditors

Outcome

Secured creditors

The Company did not grant any security to any third party, thus there are no secured creditors.

Preferential creditors

We estimate that there will be preferential claims totalling c.£12k.

We anticipate that sufficient funds will become available to enable these claims to be paid in full.

Unsecured creditors

Company records show 47 unsecured creditors with estimated non-preferential claims totalling c.£3.1m.

We consider that there may be sufficient asset realisations to enable a small dividend to be distributed to the unsecured creditors of the Company.

The level of distribution depends on the level of future book debt realisations.

The administration was extended by the creditors of the Company on 8 October 2020 and will now end on or before 21 October 2021. We do not anticipate that it will be necessary to further extend the period of the administration.

In the event there are funds available to distribute to the unsecured creditors, the appropriate exit route from administration will be by creditors' voluntary liquidation. Otherwise the exit route will be a dissolution of the Company.

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 Company's books and records, 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.



Remuneration and expenses

Joint 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 the cover page and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed on 31 December 2019 by the creditors by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon.

Fees drawn to date

We have drawn fees of £105,000 as shown in the receipts and payments account on page 7.

Please note that we do not intend to draw the full value of time costs.

Time costs - analysis of actual against budget

Please refer to page 12 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 and also summarised here:

Our total time costs to 21 October 2020 are £448,790 made up of 826.4 hours at a blended charge out rate of £543 per hour across all grades of staff.

Time costs have exceeded budget - excess fee request will not be made

The additional time costs incurred relate to:

- Lengthy and detailed negotiations with customers to collect the book debts given the volume of disputed balances and issues relating to pre appointment invoices.
- Incomplete company records in respect of book debts has resulted in additional time costs being incurred.
- Time spent reviewing the company's book debt records, trying to locate invoices in order to reconcile these to customer statements of account and liaising with customers to resolve disputed accounts.
- Higher volume than anticipated of creditor queries.
- Investigating potential claims against third parties in order to seek recoveries for creditors in tandem with the work we performed investigating Rutherford's parent company, Uttily plc.

Although our actual time costs to date are higher than we anticipated, we do not intend to draw fees in excess £279,799, as provided for in our Fee Estimate, at this stage.



Fees Estimate and Joint Administrators' time costs for the period of the report and for the entire period of the appointment All partners and technical 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.

Administrative activities	Cashiering	50.4	497	25,024	37.9	207	7,841	137.6	372	51,222
	Case supervision	33.2	531	17,620	25.6	608	15,559	79.4	544	43,175
	Case reviews	8.4	462	3,882	-	-	-	0.3	480	144
	Case closure matters	8.5	499	4,240	-	-	-	-	-	-
Statutory & compliance	Compliance & IPS diary	24.0	485	11,640	7.4	412	3,050	20.5	500	10,249
	Insurance	0.4	775	310	-	-	-	0.4	775	310
	General reporting	53.5	530	28,340	24.1	582	14,025	46.5	595	27,627
Initial actions	Appointment matters	6.2	676	4,191	-	-	-	8.7	620	5,398
	Securing assets	5.4	539	2,911	-	-	-	5.4	523	2,823
	Notifications	20.3	458	9,294	-	-	-	20.8	447	9,300
Investigations	CDDA reporting	17.0	493	8,388	-	-	-	13.7	455	6,239
	Investigations	15.0	934	14,010	-	-	-	89.5	463	41,482
Total of above categories		242.3	536	129,849	95.0	426	40,474	422.7	468	197,968
Taxation	Tax	19.7	444	8,748	-	-	-	4.1	943	3,867
	VAT	10.7	438	4,672	3.0	503	1,508	8.2	496	4,069
Asset realisations	Book debts	107.4	720	77,346	30.7	426	13,048	270.4	681	184,124
	Other assets	2.9	775	2,248	2.9	667	1,936	10.8	746	8,058
	Antecedent transactions	-	-	-	-	-	-	3.8	775	2,945
Employees	Correspondence	18.0	480	8,640	-	-	-	20.9	521	10,899
	Pensions	6.5	480	3,120	-	-	-	2.1	480	1,008
Correspondence	Creditors	18.5	451	8,340	10.6	320	3,396	32.4	394	12,751
Distributions	Preferential creditors	11.5	433	4,985	-	-	-	-	-	-
	Unsecured creditors	27.5	374	10,275	-	-	-	1.8	387	696
Case specific matters	Collection of Records/Systems	46.5	464	21,577	2.0	290	580	48.5	457	22,155
Total fees estimate		511.5	547	279,799	144.8	423	61,193	826.4	543	448,790



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.

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.

Details of all disbursements are given below. To date, we have not recovered any disbursements.

Category 2 Disbursements

Specific approval is required before these costs and expenses can to be drawn from the administration estate and was given by the creditors on 31 December 2019.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Rutherford - Category 1 disbursements

Travel	2,100	-	2,328
Accommodation	4,620	-	3,875
Subsistence	480	-	501
Telephone	120	-	40
Postage/Couriers	420	-	398
Specific Penalty Bond	230	-	230
Total disbursements	7,970	-	7,372

Rutherford - Category 2 disbursements

Mileage	231	-	231
Total disbursements	231	-	231

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. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

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.



Deloitte

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