

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 1 0 8 7 1 6 5 7

Company name in full Neon Reef Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Robert Andrew

Surname Croxen

3 Administrator's address

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

4 Administrator's name ①

Full forename(s) Paul

Surname Berkovi

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

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Statement of proposals



I attach a copy of the statement of proposals

7

Qualifying report and administrator's statement ^①

^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature

X



X

Signature date

^d

1

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Notice of Administrator's Proposals



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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	Kellie Bell				
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Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

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1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
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- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Mark Granville

Surname

Firmin

3 Insolvency practitioner's address

Building name/number

Suite 3 Regency House

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Post town

Brighton

County/Region

Postcode

B N 1 2 N W

Country

NEON REEF LIMITED - IN ADMINISTRATION

Joint Administrators' proposals

10 January 2022

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1 Executive summary

Rob Croxen, Paul Berkovi and Mark Firmin of Alvarez & Marsal Europe LLP ("A&M") were appointed as Joint Administrators of Neon Reef Limited (the "Company") on 24 November 2021.

The Company notified the Office of Gas and Electricity Markets ("Ofgem") of the need to enter a Supplier of Last Resort ("SoLR") process on 2 November 2021. On 21 November 2021, the Company's customers were transferred to British Gas Trading Limited ("British Gas") as the appointed SoLR. Prior to the appointment of the Joint Administrators, the Company's licences to supply energy were revoked by Ofgem.

The Company's most significant assets are its cash held at the date of appointment, together with its customer debtor book. We have negotiated a sale of the debtor book to British Gas, which completed on 23 December 2021 (the "Debt Sale"). As part of this agreement, we also agreed a sale of the Database to support the migration of customers to British Gas and to improve the collectability of the debtor book for £125,000 (the "Database Sale").

Our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b). Please see further detail about the purpose in Appendix 1.

A summary of the key matters contained in our proposals is as follows:

- We are not aware of any secured creditor claims against the Company (Section 5 – Dividend prospects).
- Based on current estimates, we anticipate that the ordinary and secondary preferential creditors (HM Revenue & Customs ("HMRC")) should receive a dividend. We have yet to determine the amount of this due to the uncertainty surrounding asset realisations, costs and quantum of claims, but we will do so when we have completed the realisation of assets and the payment of associated costs (Section 5 – Dividend prospects).
- Based on current estimates, it is uncertain whether unsecured creditors will receive a dividend. We will determine this once we have completed the realisation of assets and the payment of associated costs (Section 5 – Dividend prospects).
- We intend to seek approval of our proposals via deemed consent (Section 7 – Approval of proposals).
- The basis and approval of remuneration does not form part of our proposals. We will seek approval from the appropriate Company creditors in due course that our remuneration will be based on time properly given by us and the various grades of our staff (Section 8 - Joint Administrators' remuneration, category 2 expenses and pre-administration costs).
- This document in its entirety is our statement of proposals. The relevant statutory information is included by way of appendices. Unless stated otherwise, all amounts in these proposals are stated net of VAT.



Rob Croxen
Joint Administrator

2 A message to customers

All customers of the Company transferred to British Gas under the SoLR process with effect from 21 November 2021 (the “SoLR Transfer Date”). Energy supplies to customers have remained secure throughout this process, with British Gas supplying energy to all customers of the Company from this date.

The Ofgem website states that “funds that former and current customers have paid into their accounts *will be protected if they are in credit.*” Amounts outstanding to the Company relating to energy supplies prior to the SoLR Transfer Date are still due and payable.

Final billing process

The process of issuing final bills to customers who are in a debit position on their account and therefore owe the Company for energy used commenced on 14 December 2021, the last final bills were sent to customers on 4 January 2022. Final bills will not be issued to customers in credit at the SoLR Transfer Date.

We are working with British Gas to migrate customers to them. Customer account information, including final estimated meter readings along with credit balances, will be provided to British Gas as part of the Database Sale. The provision of this information will assist British Gas with determining customers' opening meter readings and applying credit balances to the customers' accounts. This process is likely to take a number of weeks to complete and we kindly ask for your continued patience.

Further information

If customers have queries regarding ongoing supply or account balances then please contact British Gas directly. You will find information relating to your transfer, contact information and answers to frequently asked questions here:

<https://www.britishgas.co.uk/solr/neon-reef.html>

In addition, further information and support can be found on the Ofgem website and via its Twitter feed @ofgem. Below is a link to the Ofgem statement that has been issued with regards to the current situation and your new supplier:

<https://www.ofgem.gov.uk/publications/ofgem-appoints-british-gas-take-customers-neon-reef-limited-and-social-energy-supply-ltd>

If customers need additional support in England and Wales, they can call Citizens Advice on 0808 223 1133 or email them via their webform:

<https://www.citizensadvice.org.uk/about-us/contact-us/contact-us/contact-us/>

If customers need additional support in Scotland, they can contact Advice Direct Scotland on 0808 196 8660 or email them via their webform:

<https://www.advice.scot/contact-us/send-us-your-questions/>

3 Background and events leading to the administration

3.1 Background information

The Company was incorporated on 18 July 2017 and commenced trading in January 2020. It is wholly owned by three individuals, Benjamin Bolt, Simon Yarwood and Sarah Hayes. The Company is based in Poole, Dorset and had 16 employees at the time it entered into administration.

Prior to the SoLR process, which is described further below, the Company was an energy supply business licenced by Ofgem to supply gas and electricity to customers. The Company supplied electricity to approximately 30,000 domestic customers via a digital-only platform and did not supply gas to any customers.

The Company had no energy generating capacity of its own. As a result, it purchased all electricity and gas needed for consumption by its customers from other participants in the wholesale energy markets.

The Company does not have any subsidiaries and is not part of a group for accounting or tax purposes. The Company traded with the following companies that have shared beneficial owners and directors:

- Solace Utilities Limited;
- Quantum Smart Solutions Limited; and
- V39 Limited.

These companies provide and maintain the energy meters used by the Company's customers, and licence intellectual property to the Company, including its brand name and customer website.

Certain management services were provided by the Company's sister energy supplier, Utility Point Limited, prior to it entering into administration. The services provided include the lease of computer equipment and management support.

3.2 Funding and financial position of the Company

The Company has no secured creditors.

The statement of affairs prepared by the Directors shows the Company had uncharged assets with a book value of £5.5 million and unsecured liabilities of £9.1 million at the date of our appointment. The Company does not have any prior audited accounts.

The Company was unable to pay its Renewables Obligation Certificate ("ROC") liability of approximately £347,000 on the due date for payment of 31 August 2021 or the late payment deadline of 31 October 2021. The Company's cash flow forecast as at 1 November 2021 showed that the Company had a peak cash requirement of £7.2 million on 22 March 2022.

ROCs are certificates issued by Ofgem to operators of accredited renewable generating stations for the eligible renewable electricity they generate. ROCs are used by suppliers to demonstrate that they have met their obligation in respect of using renewably generated electricity. Where suppliers do not present a sufficient number of ROCs to meet their obligation during a year before 1 September, they must, by 31 August, pay an equivalent amount into a buy-out fund.

A summary of the Company's recent trading performance is provided below:

£'000	Year ended 30 June 2020	Year ended 30 June 2021
Turnover	93	4,603
Gross profit/(loss)	24	(745)
Gross profit margin	25%	(16%)
Net loss for year	(71)	(1,230)
Net assets	(71)	(1,301)
Number of meter points at year end	748	17,713

Note: management information

3.3 Events leading to the administration

Financial difficulty

The Company faced a number of challenges prior to our appointment, including rising consumer debts due to Covid-19 and sharp increases in wholesale energy prices.

The volatility of gas and electricity wholesale energy prices in the UK, which reached unprecedented highs in this period, and the differential between those wholesale energy prices and the regulatory pricing caps that apply to customer tariffs in the UK have created cash flow pressure for many energy suppliers in the market.

Reported reasons for this price volatility include an increase in global demand due to prolonged cold spells in Europe and Asia, the restarting of global economies following Covid-19 pandemic lockdowns, and supply shortages of gas and renewable energy in the UK following lower than average production from offshore wind farms.

On 9 June 2021, the Company engaged A&M to assist with an accelerated process to explore the investment/sale options available to the Company. This process was conducted over c.13 weeks and a total of 297 trade, financial, and strategic parties were contacted. No formal offers were made for the business, whether by way of investment (debt or equity), sale / partial sale of the customer book or other assets, or the business as a whole.

Following this engagement, the Company undertook its own process and consulted with six additional parties. Again, no formal offers were made for the business by way of investment or sale/partial sale of the customer book.

The Directors considered that, given the continuing increases in wholesale prices and in the absence of new funding, they had no viable options to pursue which would address the cash requirements of the Company and, in particular, it being unable to pay the ROC liability by the late payment deadline of 31 October 2021.

The Directors, therefore, resolved on 2 November 2021, having taken independent legal advice, that the Company did not have a reasonable prospect of avoiding insolvency and notified Ofgem of the same.

Supplier of Last Resort ("SoLR") process

When an energy supplier such as the Company fails, Ofgem has two options for regulatory intervention to address the issue:

1. appoint a Supplier of Last Resort ("SoLR") and revoke the company's supply licences, which then allows the remaining unregulated entity to be placed into an insolvency process under the Insolvency Act 1986; or
2. seek an energy supply company administration order (with the consent of the Secretary of State) pursuant to Chapter 3 of Part 3 of the Energy Act 2004.

Following the Directors' notification on 2 November 2021, Ofgem chose the first option and commenced a SoLR process in relation to the Company. This process was supported by a declaration from the Court that the Company was "unable to pay its debts" within the meaning of section 123(1) or (2) of the Insolvency Act 1986.

Ofgem's primary objective through a SoLR process is to protect the interests of customers through providing continuity of supply and protecting customers' credit balances. As part of the SoLR process, Ofgem invited other energy suppliers to set out the commercial terms under which they would take on the Company's customers (and if no supplier offered to become the SoLR, Ofgem was able to require one to do so).

The Company's SoLR process concluded on 21 November 2021, with British Gas being selected by Ofgem as the SoLR. The existing customer contracts terminated on this date and new supply contracts were created between British Gas and the Company's former customers. All other assets and liabilities remain with the Company and do not transfer to the SoLR.

The Company's licences to supply energy were revoked shortly after the SoLR process concluded, following which the Company was no longer a regulated energy supplier and could be placed into administration in accordance with the Insolvency Act 1986.

3.4 Pre-administration work

Following the Directors' resolution on 2 November 2021 that the Company did not have a reasonable prospect of avoiding an insolvency process, and following notification being made to Ofgem of the same in accordance with the Energy Act 2004, A&M worked with the Company on the following areas to assist with it being placed into Administration:

- Assisted the Company in its dealings with Ofgem with regards placing the Company into Administration;
- Prepared a written statement at the request of Ofgem on the financial position of the Company to support the application to Court on the insolvency of the Company;
- Attended the Court hearing to determine the solvency of the Company;
- Together with the Company's lawyers, assisted the Company with the statutory matters required to place the Company into administration;
- Following the appointment of British Gas as the SoLR, we immediately engaged with them with a view to negotiate the framework of any post-appointment agreement on the provision of services or sale of assets from the Company to British Gas. This work was undertaken with the sole purpose of facilitating the Company being placed into administration and to protect the interests of creditors and ensure a smooth transfer of customers to British Gas; and
- Immediately prior to the administration, we worked with the Company to identify the key operational matters required to protect the remaining assets of the Company, thus preserving value for creditors.

At the time of our appointment, we disclosed to the Court details of the work carried out by A&M up to that time.

We are satisfied that the work carried out by A&M before our appointment, including the pre-administration work summarised above, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

Completing this work has helped to achieve the purpose of the administration as there were a number of legal, regulatory and financial considerations that needed to be resolved before we could be appointed.

The work performed in relation to British Gas is anticipated to increase realisations for creditors, above the level forecast as achievable in a liquidation, in accordance with Paragraph 3(1)(b).

The Company took independent legal advice in the period prior to the administration from its solicitors, Womble Bond Dickinson LLP ("WBD"). They are an experienced and well-regarded legal firm in work of this nature.

We are to seek approval for our fees in relation to the pre-administration work on a time costs basis.

3.5 Appointment of Joint Administrators

The Directors resolved on 24 November 2021 to appoint us as Joint Administrators. The notice of appointment was lodged at the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) at 1:55pm on 24 November 2021. On that date the Company was placed into administration and our appointment as Joint Administrators became effective.

4 Strategy and progress of the administration to date

4.1 Strategy

4.1.1 Overview

Our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

In this section of our proposals, we provide further details of our strategy and the benefits to creditors in relation to:

1. Maintaining the operating platform of the business to deliver the final billing process;
2. Dealing with the employees in the business to deliver the strategy;
3. Realising value from the debtor book;
4. Communicating with the Company's former customers in an effective way to avoid unnecessary costs in the administration;
5. Securing, protecting and realising value from the Company's data and managing the risks associated with managing customers' personal data; and
6. Dealing with tax and VAT matters in the most efficient manner.

The key assets are cash at bank and debtors, including unbilled debtors. At the date of our appointment, the Company had an estimated £2.0 million of debit balances due from customers, representing a significant asset of the estate. Of this amount, an estimated £1.1 million was unbilled at the date of our appointment.

To maximise potential realisations, we believe it is in the creditors best interests to issue bills to all debit customers where possible. In order for us to issue final bills, we have kept the key systems live and retained the required staff to execute the final billing process.

Due to the limited cash in the estate, we concluded it was not possible to maintain the operational platform for an extended period of time. We estimate to conclude the final billing process during January 2022.

4.1.2 Employees

Employee retention and redundancies

The Company had 16 employees at the date of our appointment.

Following consultation with the Directors, we retained 15 employees to assist with the final billing of customers, wind-down of the Company's operations and customer migration to British Gas. One role was no longer required following our appointment and the individual was made redundant on 24 November 2021, shortly after our appointment.

A further ten redundancies were made on 23 December 2021 as these employees were no longer required for latter stages of the final billing process.

We will review staffing requirements frequently and will provide an update in our first progress report.

Employee consultation

As there are less than 20 employees, employee consultation is not required.

4.1.3 Customer debtor book

Overview of the customer debtor book

Shortly following our appointment, we gathered detailed information in relation to the debtor book to allow us to analyse its performance and potential recoveries and to develop our realisation strategy. The debtor book at appointment comprises estimated debit balances, for both billed and unbilled supplies.

A summary of the estimated debit balances at the date of our appointment is provided below:

Account type	Number of accounts	Estimated debt at appointment (£'000)
Live accounts:		
Direct debit	8,299	1,258
Pay by other methods	2,119	507
Total live accounts	10,418	1,765
Closed accounts:		
Direct debit	979	115
Pay by other methods	1,474	146
Total closed accounts	2,453	261
Total	12,871	2,027

Source: Management information

Note: Includes c.£1.1m in relation to estimated unbilled energy supply

We are working to reconcile the position following the final billing process, as of the date of this report we are unable to provide precise figures and further analysis of the final debtors will be provided in our first progress report.

Strategic overview

Our strategy to maximise realisations in relation to the debtor book includes:

1. Continuing to collect direct debit payments from customers, to generate realisations from this asset and protect its value.
2. Engaging a third-party agent to provide an assessment of the collectability of the debtor book. This provided a benchmark against which offers could be assessed.
3. Engaging with British Gas, to determine the pricing and terms upon which they would acquire the book.
4. Considering alternative strategies should the negotiations with British Gas not result in pricing or terms that were acceptable. These included using a third-party agent to collect the debtor book.

Direct debit collection

It was not in the interest of creditors to keep the operational platform live for a substantial period, to enable debt collection. As a result, we collected a final variable direct debit ("VDD"), which was taken on 4 January 2022. This applied to customers in a debit position and therefore owe the Company money. The VDD was capped to ensure that customers are treated fairly and was communicated to customers on their final bills. Work is ongoing to reconcile cash receipts and determine the final debtor position for the Debt Sale. Amounts collected as part of the VDD will be reported in our first progress report.

Debtor balances still outstanding after the VDD will be sold as part of the Debt Sale.

Debt Sale

Detailed information in relation to the debtor book was provided to our valuation agent (see section 4.2.3), British Gas, and two third-party debt collection agents ("DCA's") to help provide a value and solicit offers from parties wishing to collect the debt on our behalf or purchase the debt. This was supported by meetings with the Company, in which the characteristics of the portfolio were explained.

Both DCAs expressed a preference to collect the debtor book on a commission basis with an option to purchase the remaining debts that could not be collected at a later date, as opposed to an outright purchase of the debt. British Gas was the only party who made an offer to purchase the debtor book.

This offer was based on a non-refundable deposit of £120,000, with a final price per age category of the debt remaining after the final VDD ranging between 40p in the £ for new debt and 17p in the £ for debt over 360 days. Debt from customers that left the Company prior to the SoLR process were also included in the offer. It is not possible to accurately calculate the overall recovery until after the VDD has been collected, however, we estimate the blended rate will be in the range of 32p in the £ to 35p in the £. Work is ongoing and details of the amount we ultimately recover will be provided in our first progress report.

Pricing benchmarking – Valuation of the debtor book

To assess whether the Debt Sale achieved fair value, we engaged CCI Credit Management Ltd ("CCICM"), an independent collection agent experienced in the collection of large consumer debt portfolios, to review the portfolio and provide an estimate of potential recoveries if a third party was engaged to collect the portfolio.

CCICM assessed the recoverability of the debtor book on an aged basis and estimated that the recoveries achievable under the British Gas offer and a DCA collect out would be similar. However, the British Gas offer had other advantages, including:

- the recovery under the British Gas offer is guaranteed, and
- a debt sale allows for immediate realisation and reduces costs.

On this basis, CCICM recommended that we proceed with the Debt Sale.

Pricing benchmarking – Consideration of comparable situations

To further benchmark the Debt Sale, we considered publicly available information, detailing comparable transactions/collection outcomes from previous energy suppliers that have entered insolvency proceedings.

We observed seven comparable situations in which net collections (after allowing for debt collection fees):

- ranged between 6p and 63p in the £;
- had a weighted average of 21p in the £; and
- had a median of 22p in the £.

The above benchmarks supported proceeding with the Debt Sale as it achieved an expected outcome that is significantly better than the weighted average and median comparable net collections. However, we note that each debtor book is (i) different in terms of its composition, (ii) has been presented differently by the various administrators and (iii) has been collected using different methods and at different points in time (and therefore under different prevailing economic conditions).

Nevertheless, we concluded this analysis provided a market reference point and additional rationale for proceeding with the Debt Sale.

Benefits of the Debt Sale

We concluded that the Debt Sale is in the best interests of creditors because:

- It removes ongoing credit risk arising from customers' ability to pay being negatively impacted by the increases in their energy tariffs that British Gas has imposed since the SoLR transfer date;
- Timing of the Debt Sale allowed the VDD to be completed and receipts from this exercise to be retained in the estate as debtor realisations;
- Given British Gas's ongoing relationship with the customers, British Gas is well-positioned to maximise recoveries from the debtor book and can therefore offer a strong price;
- Completing the Debt Sale provides price certainty, significantly accelerates realisations compared to a collection strategy and removes the costs associated with collecting the debtor book in house or using a DCA; and
- It may be challenging to collect the book in the most effective manner given potential public scrutiny regarding the treatment of customers impacted by SoLR transfers.

Ongoing activity in relation to the Debt Sale

Following completion of the final billing process, we will calculate the amount owed by British Gas for the debtor book using the final debtor balances. In addition, we will oversee a process of reconciling the amounts received by the Company and allocating these amounts between the Company and British Gas based on when the payments are received and whether they relate to debit or credit balances, or debtors sold as part of the Debt Sale.

This reconciliation will commence shortly following the VDD collection and employees of the Company have been retained to assist with this in a cost-efficient manner.

4.1.4 Data and data privacy

Data back-up

We are working with our data and IT specialists to ensure the Company's systems and protocols for securing and protecting data, including personal data, are appropriate. This is required to fulfil our statutory duties and to support the final billing process and migration of customers to British Gas.

Some of this data is held and backed up externally by third-party IT system providers, and we are working with these providers to obtain a backup that can be held by the Company.

Database Sale

We have sold such right and title that the Company had in its customer database ("Database") to British Gas for £125,000. These funds have been received. This sale achieved value for an asset that would have limited value to another party and will help to ensure a smooth migration of those customers to British Gas.

We have the ability to access this data following the sale should it be needed for the purposes of the administration.

Data privacy

We, in conjunction with our data privacy colleagues, are reviewing the relevant documentation with the Company and have been liaising with the Company's operations and customer services personnel and the Data Protection Officer to identify data privacy risks and ensure that appropriate controls are in place.

Our data privacy colleagues and specialists from our legal advisors have also advised us on how to manage data privacy in the context of the Database Sale.

4.1.5 Cash at bank

The director's statement of affairs details Cash at bank with a balance of £1,522,538. Shortly following our appointment, we obtained control of the Company's pre-appointment bank accounts and created new bank accounts in the administration. Cash totalling £1,458,286 was then realised and paid into the administration bank account. We will review the Company's bank account statements to determine the difference between these two balances.

4.1.6 Cash in transit

The director's statement of affairs details cash in transit of £415,773 which relates to funds held by SmartDebit. Smart Debit has since confirmed that they are holding approximately £479,000 of pre-appointment cash. We are currently discussing with SmartDebit the release of these funds.

4.1.7 Tax and VAT

We notified HMRC of the administration shortly following our appointment. Following this, we have consulted with tax and VAT specialists from A&M to ensure that the tax affairs of the Company are being managed in the most efficient manner. This is a complex area and our work has included:

- gathering the Company's historic tax and VAT information;
- considering if there are pre-appointment tax assets or VAT refunds that could be realised in the administration for the benefit of creditors;
- managing the Company's ongoing compliance with tax and VAT rules to avoid any fines;
- reviewing and amending the agreement with British Gas to ensure the appropriate tax and VAT treatment of the database and debt sales;
- considering the tax and VAT implications of payments made to suppliers in relation to pre-appointment supplies (i.e., ransom payments);
- understanding the VAT treatment in relation to the Company's pre-appointment statements issued to customers and the VAT consequences in relation to pre and post appointment debtor collections (the latter requiring agreement with British Gas)
- considering the VAT treatment in relation to issuing final bills to customers; and
- considering any VAT adjustments required in relation to customers' credit balances.

4.1.8 Customer communications

Shortly following our appointment, we developed and implemented a communications plan to manage customer enquiries. The objective of this strategy is to direct customers to Ofgem (the regulator overseeing the SoLR process) and British Gas (the customers' new supplier), to ensure that the appropriate information is efficiently provided to customers, avoiding significant costs in the administration. Incurring such costs was considered a significant risk given the number of customers and the potential volume of enquiries.

4.2 Asset realisations

Realisations from the date of our appointment to 31 December 2021 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

4.2.1 Cash at bank

The Company had cash at bank of £1,458,286 on appointment. This cash has been collected and paid into the administration bank account.

4.2.2 Data

£125,000 has been received in relation to the Database sale. No further realisations are expected from this sale.

4.2.3 Debtor book

Customers paid an aggregate of £4,236 into the Company's pre-appointment bank account following our appointment.

A non-refundable deposit of £120,000 deposit was paid under the Debt Sale agreement and was received from British Gas on 24 December 2021. The final consideration for the debtor book is expected to be received by the end of January 2022 under the terms of the Debt Sale.

4.2.4 Pre-appointment VAT refund

Following our appointment, we received a VAT refund from HMRC of £32,368 in respect of VAT claims submitted by the Company prior to our appointment.

4.2.5 Investigations

We are reviewing the affairs of the Company to determine if there are any actions which can be taken against third parties to increase recoveries for creditors.

If you wish to bring to our attention any matters which you believe to be relevant please do so by writing to Ruth Turner at Alvarez & Marsal Europe LLP, Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW or by email to INS-NEONRL@alvarezandmarsal.com.

4.3 Expenses

Expenses are any payments from the estate which are neither the Joint Administrators' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements.

Disbursements are payments which are first met by A&M, and then reimbursed to A&M from the estate. For further detail in relation to our disbursements please refer to our charging policy (Appendix 3).

Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

For the avoidance of doubt, expenses are defined in Statement of Insolvency Practice 9 ("SIP 9") as:

- Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval; and
- Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

4.3.1 Payments

Payments made from the date of our appointment to 31 December 2021 are set out in the attached receipts and payments account (Appendix 2).

Suppliers

We have paid £73,276 in the period to IT suppliers whose services are required for raising final customer bills.

Wages and salaries

During the period to 31 December 2021, we have paid wages in the amount of £50,662 to the employees that were retained in order to carry out the strategy for the administration.

Further supplier payments are expected throughout the administration and will be summarised in future progress reports.

4.3.2 Professional advisers and sub-contractors

Legal advisers

WBD has been engaged as solicitors to provide advice to us in respect of insolvency and regulatory related matters. They were selected as they are experienced and well regarded in work of this nature and have been engaged on a time cost basis. Their time costs will be reviewed frequently.

Bexley Beaumont Limited ("Bexley") has also been engaged as solicitors to provide advice to us on the validity of our appointment. They were selected as they are experienced and well regarded in work of this nature and have been engaged on a fixed fee plus disbursements basis.

Sub-contractors

Clumber Consultancy Limited ("Clumber") has been engaged to provide pension support services on a fixed cost basis.

Evolve IS Limited ("Evolve") has been engaged to provide employee support services on a fixed cost basis.

Whilst the work carried out by these subcontractors, could have been carried out by us and our staff, we concluded that engaging Clumber and Evolve would be more cost-efficient.

Evolve's and Clumber's fees have been reviewed against other support service providers and are considered to be competitive against the market. Both Evolve and Clumber have been chosen based on our view of their experience and ability to perform the type of work required within the available timeframe.

We regularly review costs incurred by our legal advisers and sub-contractors to ensure they are reasonable and in line with estimates.

4.4 Ongoing strategy

In addition to the statutory requirements necessary following our appointment, we will continue to realise the Company's assets to maximise returns to creditors. We will also carry out investigative work into the affairs of the Company and complete a review of its financial position in order to potentially realise further assets. We will report to creditors on progress in our future progress reports.

In addition, the key outstanding workstreams include:

- Reconciling and allocating amounts received by the Company from customers;
- Facilitating the final direct debit collection;
- Facilitating the transfer of the direct debit mandate to British Gas;
- Adjudicating and paying a distribution to the Company's preferential creditors; and
- If appropriate, considering any claims from the Company's unsecured creditors.

5 Dividend prospects

5.1 Secured creditors

We are not aware of any secured claims against the Company.

5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee (2) unlimited accrued holiday pay and (3) certain pension benefits, rank as ordinary preferential claims.

According to the Statement of Affairs, the amount of employee preferential claims at the date of our appointment is £14,531.

In addition, certain HMRC claims rank as secondary preferential claims. According to the Directors' statement of affairs, HMRC has a secondary preferential claim in the amount of £66,243.

Based on current estimates, we anticipate that preferential creditors should receive a dividend. We have yet to determine the amount of this due to the uncertainty surrounding asset realisations, costs and quantum of claims, but we will do so when we have completed the realisation of assets and the payment of associated costs.

5.3 Unsecured creditors

Based on current estimates, it is uncertain whether unsecured creditors will receive a dividend. We will determine this once we have completed the realisation of assets and the payment of associated costs.

6 Ending the administration

6.1 Exit from administration

6.1.1 Anticipated exit route

We consider it prudent to retain all the options available to us, as listed below to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be a creditors' voluntary liquidation ("CVL") and we propose to seek appointment as Joint Liquidators.

This exit route will enable the Joint Liquidators to make a distribution to the Company's unsecured creditors. We would otherwise be required to make an application to court for permission to distribute within the administration. Any such application would result in legal fees, counsel's fees and Court costs. The ongoing costs of a liquidation would also be lower than in an administration.

6.1.2 All exit routes

As mentioned above, we consider it prudent to retain all the exit options available to us. We may therefore use any or a combination of the following exit route strategies in order to bring the administration to an end:

- file a notice with the Court and the Registrar of Companies that the purpose of the administration has been sufficiently achieved in relation to the Company;
- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement ("CVA") or a Scheme of Arrangement under Part 26 or Part 26A of the Companies Act 2006, and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into CVL. In these circumstances we propose that two or more of the incumbent administrators at the time of exit from the administration be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by them may be taken by them individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing two or more of the incumbent administrators at the time of exit from the administration as proposed Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by them as Joint Liquidators may be taken by them individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

6.2 Discharge from liability

We propose to seek approval from the Company's creditors that we will be discharged from liability in respect of any action as Joint Administrators upon filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 7 for details of the deemed consent procedure.

7 Approval of proposals

7.1 Deemed consent

In order to minimise costs, we intend to seek approval of our proposals using deemed consent. Notice of deemed consent is available on the Portal.

Creditors' committee

Due to the nature of this case, we do not consider that a creditors' committee is required. However, a creditors' committee will be established if the creditors decide that one should be established, and sufficient creditors are willing to act. The minimum number of committee members is three and the maximum is five.

Function of the creditors' committee

The creditors' committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

If a creditors' committee is established it is for that body to approve, for instance:

- The basis of our remuneration
- The payment of category 2 expenses
- The payment of unpaid pre-administration costs
- Our discharge from liability in respect of any actions as Joint Administrators

Members of the creditors' committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.

7.2 Decisions

We are using deemed consent to propose the following decisions:

- approval of our proposals; and
- our discharge from liability in respect of any actions as Joint Administrators.

If a creditors' committee is not established the proposed decisions in Section 7.1, which would have been considered by the creditors' committee, will be considered by the creditors at some future time in the administration.

7.3 **Creditors' right to request a physical meeting or object to deemed consent**

Creditors' right to request a physical meeting

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if one of the requisite thresholds is met within five business days of the date on which our proposals were delivered.

If you wish to request a physical creditors' meeting, please make the request via the Portal or contact our office.

Creditors' right to object to deemed consent

Creditors also have the right to object to deemed consent. Please see the formal notice of the decision procedure on the Portal for details of how to object to deemed consent.

If the decision date expires without 10% in value of creditors objecting to the deemed consent, or us being required to convene a requisitioned meeting, the creditors will be treated as having approved our proposals on the decision date.

If 10% or more in value of creditors do object to the deemed consent we will use a decision procedure to seek approval of our proposals and discharge of liability.

8 Joint Administrators' remuneration, category 2 expenses and pre-administration costs

8.1 Approval of the basis of remuneration and category 2 expenses

8.1.1 Basis of remuneration and category 2 expenses

Agreement to the basis of our remuneration and the payment of category 2 expenses is subject to specific approval. It is not part of our proposals.

We propose to seek approval from the Company's creditors in due course that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate (which will be provided prior to seeking such approval) and the charge-out rates included in Appendix 3; and
- category 2 expenses (as defined in SIP 9 and set out in Section 4.3 above) will be paid as expense of the estate, including disbursements paid directly by A&M and charged in accordance with our charging policy as set out in Appendix 3.

8.1.2 Time costs

From the date of our appointment to 31 December 2021, we have incurred time costs of £362,630.50. These represent 565.73 hours at an average rate of £641 per hour.

8.1.3 Additional information

We have attached (at Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by A&M for the period from our appointment to 31 December 2021. We have also attached our charging policy.

Whilst we anticipate that a liquidation will be our exit route and we propose to seek appointment as Joint Liquidators, we consider it to be unrealistic to be able to provide an accurate estimate of the remuneration anticipated to be charged and the expenses likely to be incurred for the duration of the liquidation at this stage.

To ensure the information we provide to you is meaningful, we will, therefore, provide the fees and expenses estimates for the subsequent liquidation and seek approval for that remuneration following our appointment as Joint Liquidators.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3:

Pre-administration costs	Paid (£)	Unpaid (£)	Total (£)
Fees incurred by the Joint Administrators:			
- Engagement control & planning	-	27,908.50	27,908.50
- Dealing with stakeholders	-	65,628.50	65,628.50
- Appointment documents	-	10,576.00	10,576.00
Total Joint Administrators pre-administration fees:		104,113.00	104,113.00
Joint Administrators' disbursements	-	150.40	150.40
Legal fees - WBD	-	25,082.50	25,082.50
Total	-	129,345.90	129,345.90

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

A&M Pre-administration fees

The pre-administration fees relate to the time costs incurred by us and our staff in assisting the Company prior to it entering administration. These include, but are not limited to, the following with regard to placing the Company into administration:

- Planning and preparing for the administration;
- Dealing with appointment formalities; and
- Seeking independent legal advice with regards to the administration appointment.

Legal fees – WBD

The legal fees incurred by WBD relate to the preparation of the appointment documentation and arranging the necessary appointment formalities. WBD was selected by the Company as it is a well-known and reputable law firm that is experienced in work of this nature. The legal fees detailed above have been charged on a time cost basis.

We will seek approval for our fees in relation to the pre-administration work on a time costs basis.

Appendix 1 – Statutory information

Company information	
Company and trading name	Neon Reef Limited
Date of incorporation	18 July 2017
Company registration number	10871657
Trading address	5 Poole Road, Bournemouth, BH2 5QL
Previous registered office (if any)	5 Poole Road, Bournemouth, BH2 5QL
Present registered office	Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW
Company Directors	Benjamin Bolt – 8 ordinary shares held Sarah Hayes – 4 ordinary shares held Simon Yarwood - 8 ordinary shares held
Company Secretary	None
Administration information	
Delivery date of proposals	10 January 2022
Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Courts, Companies and Insolvency List (ChD) (CR-2021-002188)
Appointor	The Directors
Date of appointment	24 November 2021
Joint Administrators	Rob Croxen, Paul Berkovi and Mark Firmin
Joint Administrators' contact details	Address: Suite 3, Regency House, 91 Western Road, Brighton BN1 2NW Email: INS-NEONRL@alvarezandmarsal.com
Purpose of the administration	Rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable due to the quantum of liabilities and potential significant contingent liabilities compared with the realisable value of its assets. Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	23 November 2021
Prescribed part	The prescribed part is not applicable on this case because the Company has no registered floating charges
Insolvency proceedings	These proceedings are Centre of main interest ("COMI") proceedings

Appendix 2 – Receipts and payments account

**Neon Reef Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 24/11/2021 To 31/12/2021 £	From 24/11/2021 To 31/12/2021 £
	ASSET REALISATIONS		
NIL	Intangible assets	NIL	NIL
NIL	Database Sale	125,000.00	125,000.00
1,602,019.80	Book Debts	124,235.90	124,235.90
61,397.32	VAT Refund (pre-appointment)	32,368.01	32,368.01
1,522,538.01	Cash at Bank	1,458,285.84	1,458,285.84
		1,739,889.75	1,739,889.75
	OTHER REALISATIONS		
NIL	Prepayments	NIL	NIL
415,772.81	Cash in transit	NIL	NIL
73,315.54	Industry prepayments	NIL	NIL
114,518.78	Merchants deposits	NIL	NIL
		NIL	NIL
	COST OF REALISATIONS		
	Suppliers	73,276.34	73,276.34
	Contractor Costs		
	Post-appointment Contractor Costs	500.00	500.00
	Wages & Salaries	50,662.24	50,662.24
		(124,438.58)	(124,438.58)
	PREFERENTIAL CREDITORS		
(66,243.00)	HMRC PAYE	NIL	NIL
(14,530.63)	Employee Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(8,967,992.96)	Trade & Expense Creditors	NIL	NIL
(147,741.73)	Employees	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(20.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(5,406,966.06)		1,615,451.17	1,615,451.17
	REPRESENTED BY		
	Floating VAT Receivable		14,755.27
	Floating Charge Current		1,647,164.34
	Floating VAT Payable		(25,000.00)
	PAYE & NIC		(20,863.02)
	Pension Deductions		(605.42)
			1,615,451.17

Please note that all funds are held in an interest-bearing current account.

Appendix 3 – Charging policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and investigations by A&M in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "Administration: A Guide for Creditors on Insolvency Practitioner Fees" from SIP 9 produced by the Association of Business Recovery Professionals is available via the Portal.

If you are unable to access this guide and would like a copy, please contact INS-NEONRL@alvarezandmarsal.com.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£)	
Grade	From 24 November 2021
Managing Director	985
Senior Director	935
Director	865
Associate Director	690
Senior Associate	595
Associate	450
Analyst	255
Support	190

Policy for the recovery of disbursements

Where funds permit, the office holders will seek to recover disbursements falling into both category 1 and category 2 expenses from the estate. For the avoidance of doubt, disbursements are defined within SIP 9 as payments which are first met by the office holder, and then reimbursed to the office holder from the estate.

These are divided in SIP 9 as follows:

- *Disbursements within category 1 expenses:* These are payments which do not have any element of shared costs and are made to persons who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.
- *Disbursements within category 2 expenses:* These are payments to associates or which have an element of shared costs. These may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Disbursements within category 2 expenses charged by A&M include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

We have the authority to pay disbursements falling within category 1 expenses without the need for any prior approval from the creditors of the Company.

Disbursements falling within category 1 expenses:

Nature of disbursement	Amounts incurred to 31 December 2021 (£)
Statutory advertising	99.90
Change of registered office fee	41.67
Postage	91.95
Total	233.52

Disbursements falling within category 2 expenses:

We have not incurred any disbursements falling within category 2 expenses during the period to 31 December 2021.

Our time cost summary in accordance with SIP 9

Please refer to the tables below for a detailed breakdown and narrative of our time costs to 31 December 2021 in accordance with SIP 9.

Fees incurred category	Hours	Time cost (£)	Average hourly rate (£)
Engagement Control	46.95	27,861.75	593.43
Appointment and Risk	27.90	19,370.00	694.27
Reports, Decision Making & Remuneration	50.60	26,687.00	527.41
Correspondence & Statutory Filing	43.60	23,016.00	527.89
Investigations	18.23	10,918.50	598.93
Asset Realisations	243.40	181,619.50	746.18
Costs of Realisation	44.90	24,290.50	540.99
Tax	17.70	12,555.00	709.32
Cashiering	7.50	3,399.50	453.27
Employees and Pensions	55.35	27,738.75	501.15
Claims and Distributions	9.60	5,174.00	538.96
Total	565.73	362,630.50	641.00

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Engagement control	<ul style="list-style-type: none"> - Formulating, monitoring and reviewing the administration strategy - Briefing our staff on the administration strategy and matters in relation to various work-streams - Regular case management and reviewing of process, including regular team update meetings and calls - Meeting with management to review and update strategy and monitor progress - Reviewing and authorising junior staff correspondence and other work - Dealing with queries arising during the appointment - Reviewing matters affecting the outcome of the administration - Allocating and managing staff/case resourcing and budgeting exercises and reviews - Liaising with legal advisers regarding the various instructions, including agreeing content of engagement letters - Complying with internal filing and information recording practices, including documenting strategy decisions 	To ensure appropriate oversight, decision making and overall control of the administration, which will help to progress the case efficiently, maximising asset realisations and minimising costs	Minimising the costs of the administration will maximise the funds available for distribution to creditors

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Appointment & risk	<ul style="list-style-type: none"> - Collating initial information to enable us to carry out our statutory duties, including creditor information and details of assets - Obtaining confirmation of validity of appointment - Arranging bonding and complying with statutory requirements - Considering Health and Safety matters in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with - Arranging ongoing insurance cover for the Company's business and assets - Liaising with security providers to ensure adequate security is in place for the administration - Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place - Assessing the level of insurance premiums - Liaising with our legal advisors and GDPR and data specialists to ensure an appropriate control environment is operated by the Company including the implementation of any improvements required 	To comply with statutory requirements and protect Company assets	No direct financial benefit

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Reports, decision making & remuneration	<ul style="list-style-type: none"> - Preparing statutory receipts and payments accounts - Drafting our proposals - Ensuring compliance with all statutory obligations within the relevant timescales - Preparing for the creditors' decision relating to approval of proposals and discharge from liability - Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 - Preparing and reviewing the fees estimate - Preparing and reviewing the expenses estimate - Preparing to seek approval of the basis of remuneration from the relevant parties 	To comply with statutory requirements and protect Company assets	No direct financial benefit
Correspondence & statutory filing	<ul style="list-style-type: none"> - Uploading information to the Portal - Providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders and advertising our appointment - Dealing with creditor queries - Liaising with regulatory bodies to provide regular updates on the progress and the administration. - Dealing with customers queries ensuring they are directed to the appropriate customer service team or information provision. 	To comply with statutory requirements and protect Company assets	No direct financial benefit
Investigations	<ul style="list-style-type: none"> - Locating relevant Company books and records, arranging for their collection, review and ongoing storage - Reviewing Company and Directorship searches and advising the directors of the effect of the administration - Liaising with management to produce the Statement of Affairs and filing it with the Registrar of Companies - Liaising with regulatory bodies to understand any concerns they may have or matters that need to be considered for further investigation. 	To comply with statutory requirements and protect Company assets	If investigations lead to further asset recoveries, the potential increase in asset realisations would increase the dividend prospects for creditors

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Asset realisations	<ul style="list-style-type: none"> - Collating information from the Company's records regarding assets - Dealing with the Company's' pre-appointment bank accounts - Liaising with the direct debit provider - Liaising with, and negotiating the sale of assets to, British Gas - Reviewing outstanding debtors and management of debt collection strategy - Overseeing the final billing process - Liaising with agents regarding the valuation of the debtors - Seeking legal advice in relation to book debt collections - Liaising with third parties regarding debtor recoveries - Performing Land Registry searches 	To realise the value of the Company's business and assets	Realisation of assets and minimising the costs/liabilities may increase the dividend prospects for creditors
Costs of realisation	<ul style="list-style-type: none"> - Liaising with third parties regarding costs incurred - Reviewing costs incurred to ensure recorded accurately - Arranging payment of the costs in a timely manner as and when funds allow 	To settle costs of third parties who have facilitated the realisation of the Company's assets and mitigation of the administration costs/liabilities	Realisation of assets and minimising the costs/liabilities may increase the dividend prospects for creditors

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Tax	<ul style="list-style-type: none"> - Gathering initial information from the Company's records in relation to the taxation position of the Company; - Submitting relevant initial notifications to HMRC - Reviewing the Company's pre-appointment corporation tax and VAT position - Analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations - Working initially on tax returns relating to the periods affected by the administration - Analysing VAT related transactions - Reviewing the Company's duty position to ensure compliance with duty requirements - Dealing with post appointment tax compliance 	To comply with statutory requirements and ensure mitigation of the tax liabilities/expenses of the administration	Realisation of assets and minimising the costs/liabilities may increase the dividend prospects for creditors
Cashiering	<ul style="list-style-type: none"> - Setting up administration bank accounts - Preparing and processing vouchers for the payment of post-appointment invoices - Creating remittances and sending payments to settle post-appointment invoices - Reconciling post-appointment bank accounts to internal systems - Ensuring compliance with appropriate risk management procedures in respect of receipts and payments 	To effectively manage funds, receive asset realisations and discharge the costs of the administration	Receipt of bank interest maximises asset realisations which may increase the dividend prospects for creditors

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Employees & pensions	<ul style="list-style-type: none"> - Engaging Evolve and Clumber to act as agent to provide assistance across employee and pension related matters - Dealing with queries from employees regarding various matters relating to the administration and their employment - Dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments - Holding employee briefing meetings to update employees on progress in the administration on our strategy - Communicating and corresponding with HMRC - Dealing with issues arising from the employee redundancies, including statutory notifications and liaising with the Redundancy Payments Service - Managing claims from employees - Ensuring security of assets held by employees - Collating information and reviewing the Company's pension schemes - Calculating employee pension contributions and review of pre-appointment unpaid contributions - Ensuring compliance with our duties to issue statutory reports - Liaising with the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment 	To provide effective and informative communication to employees and to comply with statutory requirements	Assistance to employees will enable them to recover the maximum claims in the circumstances

SIP 9 narrative for the period from 24 November 2021 to 31 December 2021

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Claims & distributions	<ul style="list-style-type: none">- Reviewing and updating the list of unsecured creditors- Responding to creditors regarding queries about the administration and their claims	To comply with statutory requirements. To ensure that creditors are informed of the progress of the administration. To advise creditors of the progress of their claims	Ensuring creditor records are kept up to date, claims are agreed at the correct value and funds are distributed accurately to the relevant creditors (where appropriate)

Appendix 4 – Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as of the date of our appointment. It was provided on 15 December 2021 by Simon Yarwood, a director of the Company.

We have not carried out anything in the way of an audit on the information provided and the figures do not take into account the costs of the administration.

A schedule of the known creditors' names, addresses, debts and details of any security held is included in the Statement of Affairs.

Creditors should be aware that as the Company may not have completed updating its ledgers as at the date of appointment, the balances stated may be revised.

The trade creditor summary provided by the directors within their statement of affairs included debtor balances of £3,553. Within the summary below, we have removed these debtor balances to provide a more accurate summary of the Company's creditors.

Statement of Affairs

Name of Company
Neon Reef Limited

Company number
10871657

In the
High Court of Justice, Business & Property Courts of
England & Wales Insolvency & Companies List (ChD)

Court case number
CR-2021-0021988

Statement as to the affairs of Neon Reef Limited, 5 Poole Road, Bournemouth, BH2 5QL

on the 24 November 2021 the date the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a true statement of the affairs of the above-named company as at 24 November 2021 the date that the company entered administration.

I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full Name SIMON PAUL YARWOOD

Signed S. P. Yarwood

Date 15/12/21



A - Summary of Assets

ASSETS

	Book Value (£)	Estimated to realise (£)
Assets subject to fixed charge:	NIL	NIL
Total assets subject to fixed charge	NIL	NIL
Less: Amount(s) due to fixed charge holder(s)	-	-
Surplus/(shortfall) to fixed charge holder	NIL	NIL
Assets subject to floating charge:	NIL	NIL
Surplus to fixed chargeholder (brought down)	NIL	NIL
Uncharged assets:	5,493,606	3,789,662
		3,789,662
Estimated total assets available for preferential creditors		

Signed



Date

15 | 12 | 21

A1 - Summary of Liabilities

	Book Value (£)	Estimated to realise (£)
Preferential creditor assets and liabilities		
Uncharged assets	5,493,606	3,789,662
Liabilities		
Ordinary preferential creditors:		
Employees/former employees (No.)		(14,530)
Other primary preferential creditors		
		3,775,132
Secondary preferential creditors		(66,243)
HMRC		
Surplus/deficit to preferential creditors from uncharged assets		3,708,889
Floating charge assets (only where there is a deficit to prefs from uncharged assets)		NIL
Deficit to preferential creditors from uncharged assets		NIL
Estimated deficiency/surplus as regards preferential creditors		3,708,889
Floating charge assets and liabilities		
Floating charge assets (remaining after payment of prefs)		NIL
Net property		
Estimated prescribed part of net property (where applicable) (carried down)		NIL
Estimated total assets available for floating chargeholders		3,708,889
Debts secured by floating charge		NIL
Estimated deficiency/surplus as regards floating chargeholders		3,708,889
Estimated prescribed part of net property (where applicable) (brought down)		NIL
Uncharged assets (remaining after payment of prefs)		NIL
Total assets available to unsecured creditors		3,708,889
Unsecured trade creditors		(8,967,993)
Unsecured employee creditors (No.)		(147,742)
Unsecured pre-paid consumer creditors (No.)		NIL
Estimated deficiency/surplus as regards non-preferential creditors (excluding any		5,406,846
Shortfall to preferential creditors		NIL
Shortfall to fixed chargeholder(s)		NIL
Shortfall to floating chargeholder (brought down)		NIL
Estimated deficiency/surplus as regards creditors		5,406,846
Issued and called up share capital		20
Estimated deficiency/surplus as regards members		5,406,826

Signed S. P. - [Signature]

Date 15/12/21



Secured creditors

Name of creditor	Address (incl. postcode)	Amount of debt (£)	Details of security held	Date Security Given	Value of security
	N/A				

Signed S. P. [Signature]

Date 15/12/21



Preferential creditors (excl. employees and former employees)

Name of creditor	Address (incl postcode)	Amount of preferential debt (£)
	N/A	
TOTAL		

Signed

S. P. [Signature]

Date: 15/12/21

COMPANY TRADE CREDITORS

NOTE - You must include all creditors with the EXCEPTION of employee creditors and pre-paid consumer creditors. You must confirm if any of the creditors are under hire purchase, chattel leasing or conditional sale agreements by stating which if any of these are applicable in the columns below. Must also identify any creditors claiming retention of title over property in the Company's possession by including a tick in the ROT box.

Name of creditor	Address (incl postcode)	Amount of debt (£)	HPI/Chattel/Conditional Sale	Claiming ROT
	SEE SEPARATE SHEET			
TOTAL				

Signed

S. P. [Signature]

Date

15/12/21

Name	Address				SOA value (£)
Barclays Bank UK Plc	Leicester				32,161.79
Calvin Metering Limited	Calvin Metering Limited	5th Floor	1 Marsden Street	Manchester	11,390.13
Capital Meters Limited	Suites 3 & 4 Warners Mill	Silks Way	Braintree	Essex	509.61
Cortex Metering Solutions Limited	Ropemaker Place	28 Ropemaker Place	London		1,820.05
Data Communications Company (DCC)	65 Gresham Street	London			1,347.24
Eastern Power Networks Plc (UK Power)	Newington House	237 Southwark Bridge Road	London		47,983.11
Edipse Power Networks Ltd	Olney Office Park	25 Osier Way	Olney		52.27
Electalink Ltd	3rd floor, Northumberland House	303-306 High Holborn	London	London	671.72
Electricity North West Limited	Frederick Road	Salford			16,028.52
Electricity Settlements Company Ltd	Fleetbank House 2-6	Salisbury Square	London	London	28,084.51
Elxon Ltd	4th Floor	350 Euston Road	London		2,428,787.84
Energy 24 Ltd	PC House	Stockton on Tees			7,831.14
Energy Assets Networks Ltd	12 Sketty Close	Caswell Road	Northampton		1,082.87
Energy Linx (GoCompare.com Limited)	Imperial House	Imperial Way	Newport		123,362.40
EON Energy Solutions Limited	Westwood Way	Westwood Business Park	Coventry		66,346.90
Erova Energy	24-26 City Quay	Dublin 2		Ireland	100,000.00
ESP Electricity Limited	Bluebird House	Mole Business Park	Leatherhead		6,333.22
Harlaxton Energy Networks Ltd	Toll Bar Road	Marston	Grantham	Lincolnshire	12.39
Hazelnut London Ltd	14 Meredyth Road	London	London		8,028.00
Hazelnut London Ltd trading as Switchcraft	14 Meredyth Road	London	London		7,668.00
Horizon Energy Infrastructure	Brewery House	34 - 44 Gigant Street	Salisbury		3,072.93
Independent Power Networks Ltd	Energy House	Woodpit Business park	Woodpit	Suffolk	324.26
Iron Metering Solutions UK Ltd	Unit 10	Haven Exchange	Felstowe		2,724.08
Laceys Solicitors LLP	5 Poole Road	Poole	Dorset		4,213.00
Last Mile Electricity Limited	Fenrick House, Lister House	Hamilton International Technology Park	Glasgow		1,653.57
Leap Utilities	The Greenhouse	MediaCityUK			252.35
London Power Networks Plc (UK Power)	Newington House	237 Southwark Bridge Road	London		15,154.44
Low Carbon Contracts Company	Fleetbank House	2-6 Salisbury Square	London	London	47,383.86
Lowri Beck Services Limited	Mayros Quay	Wigan			1,377.13
Macquarie Leasing Limited	Suites 3 & 4 Warners Mill	Silks Way	Braintree	Essex	28,128.08
Macquarie Meters 3 (UK) Limited	Ropemaker Place	28 Ropemaker Street	London		29.18
MapleCo1 Ltd	St Lawrence House	Station Approach	Horley	Surrey	7,125.33
MapleCo3 Ltd	PO Box 609	Horley			612.62
Meter Corp Limited	Communication House	Victoria Avenue	Camberley	Surrey	137.09
National Grid Electricity Transmission Plc	1-3 Strand	London	London		740,007.33
National Grid Smart Ltd	1-3 Strand	London			748.36
Northern Powergrid Metering Ltd	Lloyds Court	78 Grey Street	Newcastle Upon Tyne		67,513.24
Ofgem	Assurance and Compliance Hum	Commonwealth House	Glasgow		1,732,282.45
OVO (S) Metering Limited	Ty Calon	Cardiff Gate Business Park	Cardiff		529.44
OVO (S) Metering Limited	Ty Calon	Cardiff Gate Business Park	Cardiff		3,685.23
Quantum Smart Solutions Limited	5 Poole Road	Bournemouth			642.80
Saffery Champness LLP	Midland House	2 Poole Road	Bournemouth		1,500.00
Scottish and Southern Elec Networks	1 Forbury Place	43 Forbury Road	Reading		126,461.39
Scottish Power Smart Meter Assets Limited	10th Floor	320 St Vincent Street	Glasgow		7,965.69
Smart Meter Assets Ltd	Synergy House	Woodpit Business Park	Woodpit	Suffolk	10,113.98
SMS Energy Services Ltd	Prennau House	Coppe Walk	Pontprennau	Cardiff	250.30
Solace Utilities Limited	Floor 7th, Merck House	Seldown Road	Poole	Dorset	2,311.75
South Eastern Power Networks Limited (UK Power)	Newington House	237 Southwark Bridge Road	London		29,824.33
SP Energy Networks	8th Floor	320 St Vincent Street	Glasgow		69,766.40
Staffed UP Limited	Floor 7th, Merck House	Seldown	Poole	Dorset	2,700.00

Stratford Place Utilities Limited	Unit 8 Peerglow Centre	Marsh Lane	Ware	Hertfordshire	SG12 9QL	382.43
The Electricity Network Company Ltd	Energy House	Woodpit Business Park	Woodpit	Suffolk	IP30 9UP	9,275.54
The Ombudsman Service Limited	3300 Daresbury Park	Warrington			WA4 4HS	7,752.00
TMA Data Management Ltd	100 London Road	Kingston-Upon-Thames	Surrey		KT2 6QJ	4,300.86
Trekon	Discovery Court	551-553 Wallisdown Road	Poole	Dorset	BH12 5AG	341.95
Trust Pilot	Pilestraede 58	Copenhagen K	1112		Denmark	1,401.00
UK Power Distribution Ltd	6500 Daresbury park	Daresbury	Warrington		WA4 4GE	65.66
UK Power Networks	Energy House	Hazelwick Plaza	Crawley	West Sussex	RH10 1EX	132,817.63
Utility Metering Services Limited	Suites 3 & 4 Warners Mill	Silks Way	Braintree	Essex	CM7 3GB	1,234.73
Utility Metering Services Limited	Suites 3 & 4 Warners Mill	Silks Way	Braintree	Essex	CM7 3GB	197.09
Utility Point Limited	Floor 7th, Merck House	Seldown Road	Poole	Dorset	BH15 1TW	184,324.54
Vantage Meters (Map 2) Limited	82 Heathfield North	Twickenham	London		TW2 7QW	65.41
Western Power	Electricity House	Eliott Road	Plymouth		PL4 0YU	206,917.33
Creditor balances	Various addresses					2,624,458.00
TOTAL						8,971,546.30



Company Shareholders

Name of shareholder	Address (incl postcode)	Number of shares held	Nominal value (£)	Details of shares held
BEN BOLT		8	8	ORDINARY
SIMON TAYLOR		8	8	ORDINARY
SARAH HAYES		4	4	ORDINARY
TOTAL		20	20	

Signed S. P. [Signature]

Date 15/12/21

Appendix 5 – Glossary

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Defined Terms	Definition
A&M	Alvarez & Marsal Europe LLP
Bexley	Bexley Beaumont Limited
British Gas	British Gas Trading Limited
CCICM	CCI Credit Management Limited
Clumber	Clumber Consultancy Limited
Company	Neon Reef Limited
COMI	Centre of main interest
COVID-19	Coronavirus-19 pandemic
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
Database Sale	Sale of the customer data
DCA	Debt Collection Agent
Debt Sale	Sale of the debtor book to British Gas
Directors	Benjamin Bolt, Simon Yarwood and Sarah Hayes
Evolve	Evolve IS Limited
HMRC	HM Revenue & Customs
Joint Administrators/we/our/us	Rob Croxen, Paul Berkovi and Mark Firmin
MSA	Migration Services Agreement
Ofgem	Office of Gas and Electricity Markets
SIPs	Statements of insolvency practice
SIP 9	Payments to insolvency office holders and their associates from an estate
RPS	Redundancy Payments Services
RoC	Renewables Obligation Certificate
SIP 13	Disposals of assets to connected parties in an insolvency process
SoLR	Supplier of Last Report
SoLR transfer date	21 November 2021
VDD	Variable direct debit
WBD	Womble Bond Dickinson UK LLP

Appendix 6 – Notice: About this statement of proposals

This statement of proposals (“proposals”) has been prepared by Rob Croxen, Paul Berkovi and Mark Firmin, the Joint Administrators of Neon Reef Limited (“the Company”), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purpose of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

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

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Rob Croxen, Paul Berkovi and Mark Firmin are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.