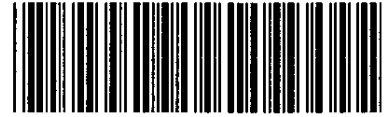




FRIDAY



A8ZRL02

A14

28/02/2020

#113

COMPANIES HOUSE

1 Company details

Company number 0 8 1 8 6 6 6 4

Company name in full Iresa Limited

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

2 Administrator's name

Full forename(s) Matthew James

Surname Cowlshaw

3 Administrator's address

Building name/number Four Brindleyplace

Street Birmingham

Post town County/

Region

Postcode B 1 2 H Z

Country

4 Administrator's name [ⓐ]

Full forename(s) Daniel James Mark

Surname Smith

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

5 Administrator's address [ⓐ]

Building name/number 2 Hardman Street

Street

Post town County/ Manchester

Region

Postcode M 3 3 H F

Country

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 1	^m 0	^m 8	^y 2	^y 0	^y 1	^y 9
To date	^d 3	^d 1	^m 0	^m 1	^y 2	^y 0	^y 2	^y 0

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X



X

Signature date

^d 2	^d 7	^m 0	^m 2	^y 2	^y 0	^y 2	^y 0
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Deloitte.

Iresa Limited (in Administration)

("the Company"/"Iresa")

Progress report to creditors for the period 1 August 2019 to 31 January 2020 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

Matthew James Cowlishaw and Daniel James Mark Smith ("the Joint Administrators") were appointed Joint Administrators of Iresa Limited on 1 August 2018 by the Director of the Company, Mr Adeniyi Oluwaseun Oladeji. 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.

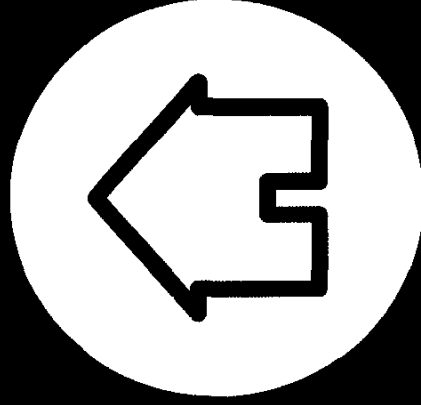
Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

27 February 2020

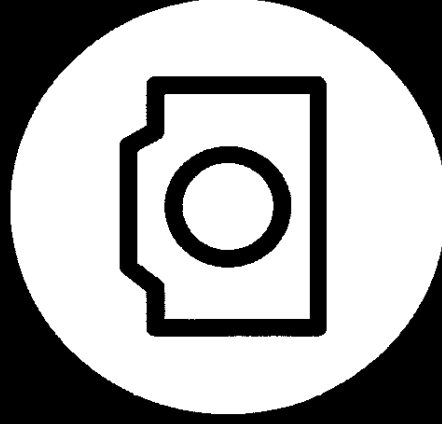
Court Case No. 6400 of 2018
High Court of Justice, Business and
Property Courts of England and Wales
Company Number: 08186664

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

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	Progress of the administration	4
	Information for creditors	8
	Remuneration and expenses	10



Key messages



Key messages

Joint Administrators of the Company

Matthew James Cowlishaw

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HF

Daniel James Mark Smith

Deloitte LLP

2 Hardman Street

Manchester

M3 3HF

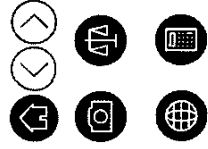
Contact Details

Email: wpackwood@deloitte.co.uk

Website:

www.deloitte.com/uk/iresa

Tel: 0121 696 8661



Commentary

Purpose of administration

- The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation of the Company. Due to the Supplier of Last Resort ("SOLR") process, the Company's licence to operate was revoked and therefore it was not possible to rescue the Company as a going concern.

Progress of administration

- As previously reported, shortly before our appointment the Company ceased to trade and all active customers were transferred to Octopus Energy Ltd ("Octopus") under a regulatory process run by the regulator Ofgem, the SOLR process.
- The Joint Administrators have continued to work with Octopus to monitor the level of active customer arrear recoveries and reconciliation of the account.
- Corporate Debt Solutions – Global Limited ("CDS") have continued to collect inactive accounts. BlueSnap Payment Services Ltd ("Bluesnap") were engaged as the merchant services provider to assist CDS with these collections.
- During the period a further £3.8k was collected. Please see page 5 for further details.

Costs

- Our fees have been fixed as a set amount of £445k. In accordance with rule 18.29, we are seeking to change the basis of our remuneration as there has been a substantial change in the circumstances, that were not taken into account when originally fixing it. Please see page 11 for further details.
- We have not incurred any disbursements in the report period. Please see page 12 for further details.
- Third party costs and expenses of £3.7k have been incurred in part and paid in full in the report period. Please see page 6 for further details.

Outstanding matters

- Continue to manage the debt collection process and realise final amounts due;
- Agree the final reconciliation of active customer arrears;
- Agree unsecured creditor claims and make a distribution;
- Complete final tax and VAT returns, obtain tax clearance; and
- Statutory closing procedures.

Dividend prospects

- The Secured Creditor has been paid in full.
- Preferential creditors – Based on current information, we do not anticipate there will be any preferential claims.
- Unsecured creditors – There will be a distribution for unsecured creditors, however the quantum of the dividend is highly dependent on the level of recoveries from customer arrears which is currently uncertain.

Extension to administration period

- The administration was extended by the creditors on 17 July 2019 and will now end on or before 31 July 2020.

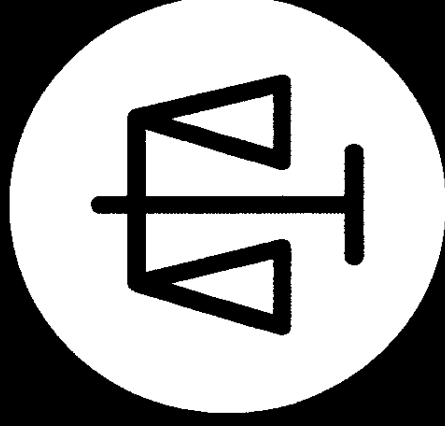


Progress of the administration

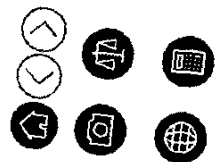
Summary 5

Receipts and payments 6

Pre-administration costs 7



Progress of the administration Summary



Work done during the report period Strategy

As previously reported as a result of the SOLR process all active customers were transferred to Octopus prior to the administration appointment.

As such, the Joint Administrators are in the process of finalising the customer account reconciliation with Octopus ahead of making a distribution to unsecured creditors.

Customer accounts in Debit

As at the date of our appointment the Company had a number of pre-appointment customer accounts in debit. Company employees were retained for a period of time following our appointment in order to reconcile customer accounts.

As outlined in the Proposals, these book debts can be classified into two categories.

1. Active customer arrears – amounts owed by customers who were transferred to Octopus under the SOLR process (i.e. customers of the Company under 1 August 2018); and
2. Inactive customer arrears – amounts owed by former customers who had left the Company prior to 1 August 2018.

Active customer arrears

As previously reported, the Joint Administrators sold the active customer arrears to Octopus. The consideration received is a guaranteed minimum amount based on the reconciled account position, plus a subsequent share in any amounts collected over and above an agreed threshold.

In line with the terms of the sale and purchase agreement a final reconciliation of the customer accounts is to be agreed between the Administrators and Octopus based on customer account balances (at 1 August 2019) to determine the final level of collections. Under the terms of the agreement Octopus have now provided a schedule of final accounts which we are in the process of reconciling.

We expect this to be completed in the next 2 months. It is anticipated between £100k - £200k will be due dependent on the outcome of the reconciliation.

The agreement with Octopus is expected to provide a better return for creditors, compared to the Joint Administrators directly collecting the arrears, based on valuations and advice received from three debt collection agencies.

Inactive customer arrears

As previously reported, Corporate Debt Solutions – Global Limited (“CDS”), an agency with energy sector collections experience, were appointed on 2 January 2019 to assist us in collecting the balances due from inactive customers. During the period funds of £3.8k have been received, total realisations are c.£41.6k.

BlueSnap Payment Services Ltd (“Bluesnap”) were engaged as the merchant services provider to assist in the collection of customer arrears. To date c.£14k has been collected via this platform.

We do not expect to receive any further receipts as the costs of collection now outweigh the benefit of the receipts to the estate.

Wind down arrangements

We agreed a Cost Sharing Agreement (“CSA”) with Octopus in order to share the costs in retaining employees and associated overhead costs of keeping the Company site operational during the wind-down period in order to undertake account reconciliations.

Octopus have paid c.£106k in relation to their proportion of retained costs during the reporting period.

A final reconciliation of costs incurred is currently being undertaken, any funds due will be received from Octopus.

IT Infrastructure and leasehold property

One office is being retained to support the IT Infrastructure required to retain the customer account information to support the final customer account reconciliation with Octopus.

Employees

All of the Company’s employees have been made redundant. Iresa’s IT manager has been retained as a consultant to manage the IT environment.

Progress of the administration

Summary

Work done during the report period (cont.)

Sale of technology

During the period we were notified of a challenge by a connected party in respect of the sale of the technology for £10k, on the basis that the Company did not own the equipment. Further updated will be provided once the matter is resolved.

Creditors

During the period of this report we have liaised with all classes of creditors, as queries have arisen.

We have liaised with creditors by telephone, email and post, including the review of proof of debt forms, answering of general queries and providing updates on the progression of the administration and dividend distribution prospects.

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 website for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting including the preparation of the Joint Administrators' previous progress report;
- Responding to creditor correspondence;
- Cashiering functions including the preparation of monthly bank account reconciliations and various Payments and receipts; and
- Interaction with HRMC in respect of VAT, Corporation Tax matters

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

Third party costs incurred during the report period

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

Legal Costs: we have instructed Shakespeare Martineau LLP to assist in the following matters.

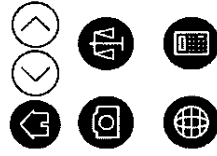
- General legal advice, review of the validity of the appointment, preparation of the Cost Sharing Agreement between the Company and Octopus, preparation of a sale and purchase agreement for the active customer arrears, preparation of sale contract appointing agents, preparation of sale and purchase agreement for the IT technology and ad-hoc advice regarding data and certain debtor and creditor queries.
- They estimated their fee for so doing this work would be £50k plus VAT.
- During the period £3,735 plus VAT has been invoice and paid. Total legal fees incurred and paid amount to £38,999 plus VAT.

Agents' Costs: - we instructed CDS and Bluesnap to assist with debt collections, they have not incurred any fees during the period.

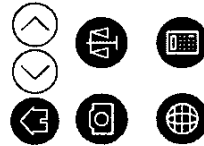
Ongoing occupation costs relating to rent, property expenses, IT costs, and telephone costs have been incurred and paid during the period amounting to £43,497 plus VAT. Total costs paid during the period of appointment are shown in the receipts and payments account on page 7.

All costs have been paid, as shown in the receipts and payments account on page 7.

All professional costs were reviewed and analysed in detail before payment was approved.



Progress of the administration Receipts and payments



Joint Administrators' receipts and payments account 01 August 2019 to 31 January 2020

SoA values Notes Period To date

Receipts			
Sale of Technology	-	-	10,000
Contribution to Costs	-	-	3,600
Furniture & Equipment	-	-	3,193
Book Debts	3,500,000	A	1,279,925
Cash at Bank	3,245,665	B	3,282,260
Third Party Cash Receipts	-	E	31,129
Inactive Book Debts	3,826	D	41,678
Bank Interest Gross	5,912	-	14,913
Credit Cover Receipt	-	-	45,374
Other Receipts	-	-	3,247
Bluesnap Inactive Debtors	-	-	14,416
Cost Sharing Agreement	-	-	106,579
Total receipts	6,745,665	C	9,738 4,836,314

Payments			
Rent	2,964	-	26,275
Payment of Funds Received in Error	-	E	31,129
Pre Appointment Legal Fees	-	-	9,733
CDS Payments	-	-	7,453
Pre-appointment Administrators' Expenses	-	-	128
Pre Appointment Legal Expenses	-	-	197
Pre-appointment Administrators' Fees	-	-	58,639
Administrators' Fees	103,639	-	445,000
Administrators' Expenses	297	-	504
Agents/Valuers' Fees	-	-	3,838
Legal Fees	3,735	-	38,999
Other Professional Costs	-	-	1,295
Telephone Telex & Fax	1,611	-	6,460
Ransom Payments	1,081	-	1,081
Storage Costs	36	-	473
Postage & Redirection	-	-	616
Statutory Advertising	-	-	85
Bluesnap Commission	-	-	813
Other Property Expenses	-	-	1,000
Wages & Salaries	-	-	197,215
Employer's Nat. Ins.	-	-	35,331
Bank Charges	9	-	210
IT Server Costs	38,922	-	105,379
Other Payroll Costs	-	-	557
Secured Creditor Distribution	-	-	48,845
Total payments	152,294	-	1,023,255

Balance			3,815,059
Made up of:			
Floating Chge Deposit A/c	D		3,793,661
Trade Creditors	G		(2,293)
VAT	F		23,691
Balance in hand			3,815,059

A receipts and payments is provided opposite, detailing the transactions during the report period and for the entire period of our appointment from 1 July 2018 to 31 January 2020.

Notes to receipts and payments account

A - Book debts include the consideration paid by Octopus in relation to a minimum guaranteed payment and a subsequent share in any amounts collected over and above an agreed threshold. See page 6 for further details.

B - At the date of appointment, the pre-appointment bank balance was £3,282,260 (made up of £3,241,865 cash at bank and £40,079 cash in transit from the Company's merchant services provider).

C - Payment received from Octopus in relation to agreed share in trading costs for employee costs and associated overhead costs of keeping the Company operational during the wind-down period. See page 5 for further detail.

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

E - Funds received in error have been repaid as required, further payments will be made once the Octopus reconciliation has been completed.

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

G - Invoices are logged on an accruals basis. The balance shown represents invoices logged but not yet sent for payment or in the process of being paid.

Rounding note

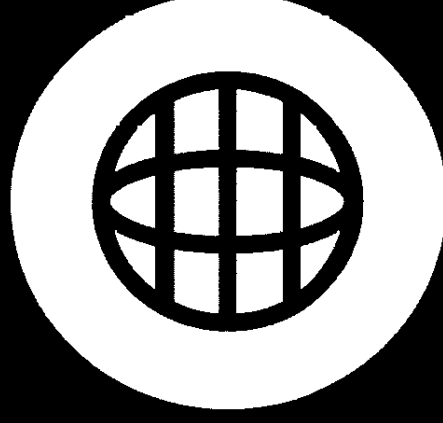
In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Information for creditors

Outcome

9



Information for creditors Outcome

Outcome for creditors

Secured creditor

The Company's secured creditor, Contract Natural Gas Limited ("CNG"), reconciled their outstanding arrears position due at the date of our appointment, which was reviewed, confirmed and agreed by the Administrators as £48,845.

These amounts are secured by way of floating charge granted by the Company on 17 April 2018. A first and final distribution was paid on 23 November 2018. No further sums are owed to CNG.

Preferential creditors

Preferential creditors consist of amounts owed to the Company's employees for arrears of wages/salaries, holiday pay and pension contributions.

We do not expect to receive any preferential claims in the administration as all employees were paid during the administration shut down period.

Prescribed Part

As CNG, in their capacity as secured creditor, has been paid in full the Prescribed Part will not apply as there will be no remaining creditors secured by way of floating charges.

Unsecured creditors

The Director's statement of affairs shows 137 unsecured creditors with estimated non-preferential claims totalling £5m (the statement of affairs only included trade creditors and not any customer credit balances). The estimate of c.110 unsecured creditors included within the Proposals (before the statement of affairs was received), was based on management information provided on appointment.

Claims of c£28m have been received to date, c£23m in relation to customer credit balances and c£5m trade creditors.

As detailed above, we anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors.

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 statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

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

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.deloitte.com/uk/iresa 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.

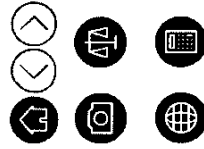
Extensions to the administration

The administration was extended by creditors on 17 July 2019 and will now end on or before 31 July 2020. We do not anticipate that it will be necessary to further extend the period of the administration.

Exit

As there will be a dividend to unsecured creditors we will, either seek permission from Court to distribute creditor funds in the administration and will then exit the administration via dissolution. Alternatively we will place the Company into creditors voluntary liquidation in order to pay the dividend.

A final decision regarding the exit route will be made in due course once the Octopus reconciliation has been completed.

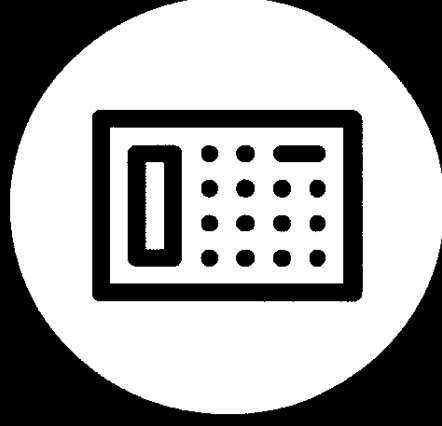




Remuneration and expenses

Joint Administrators' remuneration

11



Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.deloitte.com/uk/iresa.

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 9 October 2018 by the unsecured creditors as a set amount of £445k plus VAT thereon.

Fees drawn to date

We have drawn fees in full against the agreed set fee of £445k as shown in the receipts and payments account on page 7.

Remuneration: review at request of administrator

In accordance with rule 18.29, we are seeking to change the basis of our remuneration as there has been a substantial change in the circumstances, that were not taken into account when originally fixing it.

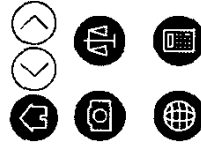
At the outset, when fixing the fee basis, we had budgeted that we would spend 167 hrs/£97k in relation to book debts, however to date we have incurred 399 hrs/£235k.

Whilst our strategy of selling the active customer debtors to Octopus was undertaken partly to reduce the level of customer queries we still encountered a substantially higher volume of calls and correspondence than anticipated at all stages of the appointment. A key factor in this was the poor billing systems of the Company which meant billing details were either out of date or inaccurate.

Queries ranged from reporting actual meter readings, to disputing billing information and Subject Access Requests. Furthermore we are still undertaking reconciliations with Octopus in relation to amounts collected from active customers. We expect this to be finalised in the next few months with additional receipts anticipated.

In addition, the level of customer engagement and press interest has been significantly more than originally estimated. At the outset of the appointment, when fixing the fee basis, we budgeted that we would spend 63 hrs/£42k in respect of investigations, Subject Access Requests and press interest, however to date we have incurred 162 hrs/£106k.

Due to the substantial increase in workstream which was not anticipated at the outset of the appointment the Joint Administrators are seeking to change the fee basis to a fixed fee of £595k.



Remuneration and expenses

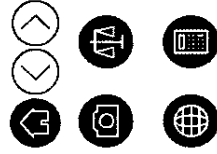
Detailed information

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.



Joint Administrators' Disbursements

Details of all disbursements are given below and from which it can be seen that we have not recovered our disbursements in full.

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate and was given by unsecured creditors 9 October 2018.

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

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment.

Category 1 disbursements

£ (net)	Estimated	Incurred in report period	Total	Paid	Unpaid
Travel	444	-	294	274	20
Professional Fees	-	-	57	-	57
Postage	-	-	6	-	6
Statutory Advertising	85	-	6	-	6
Specific Bond	230	-	230	-	230
Total disbursements	759	-	587	274	313

Category 2 disbursements

£ (net)	Estimated	Incurred in report period	Total	Paid	Unpaid
Mileage	2991	-	2,572	230	2,342
Website set up	500	-	-	-	-
Total disbursements	2,991	-	2,572	230	2,342

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

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

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

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

Deloitte.

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AM10

Notice of administrator's progress report

Presenter information

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

Contact name **Emily Thorne**

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