

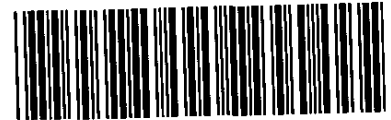
# AM03

## Notice of administrator's proposals



Companies House

WEDNESDAY



A27 \*A7F9U0HD\* #367  
26/09/2018  
COMPANIES HOUSE

### 1 Company details

Company number 0 8 1 8 6 6 6 4

Company name in full Iresa Limited

→ Filling 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/ B1 2HZ

Region

Postcode

Country

### 4 Administrator's name <sup>1</sup>

Full forename(s) Daniel James Mark

Surname Smith

<sup>1</sup> Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address <sup>2</sup>

Building name/number 1 New Street Square

Street

Post town County/ London

Region

Postcode EC 4 A 3 H Q

Country

<sup>2</sup> Other administrator  
Use this section to tell us about  
another administrator.

AM03

Notice of Administrator's Proposals

**6** Statement of proposals

I attach a copy of the statement of proposals

**7** Sign and date

Administrator's Signature  *B. Disher*

Signature date 

d	d	m	m	y	y	y	y
2	5	0	9	2	0	1	8

# AM03

## Notice of Administrator's Proposals

### Presenter information

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

Contact name Wendy Packwood

Company name Deloitte LLP

Address Four Brindleyplace

Birmingham

Post town B1 2HZ

Country/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 and dated the form.

### Important information

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

### Where to send

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

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

### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

# Deloitte.

## **Iresa Limited (In Administration)** **("the Company")**

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

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

**Matthew James Cowlshaw and Daniel James Mark Smith ("the Joint Administrators") were appointed Joint Administrators of the Company on 1 August 2018. 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.**

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

25 September 2018

## Iresa Limited (In Administration)

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

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

We are also asking creditors to make decisions regarding our fees, expenses and ultimate discharge as administrators. We intend to do this by conducting a decision procedure by correspondence, formal notice of which together with guidance and voting forms, is also available for viewing and download from the website. Please note that voting forms received after the 9 October 2018 will not be taken into account.

Please refer to the Frequently Asked Questions section on the case website [www.deloitte.com/uk/iresa](http://www.deloitte.com/uk/iresa) for more information about decision procedures in insolvency proceedings.

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

We have also included the following information in this report:

- background of the Company;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administration to date; and,
- the Joint Administrators' proposals for achieving the objective of the administration (Appendix D).

Yours faithfully

For and on behalf of the Company










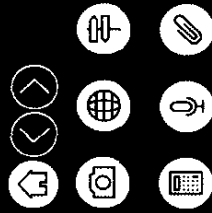
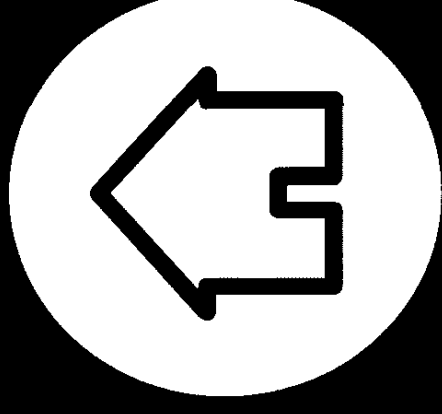
Joint Administrators

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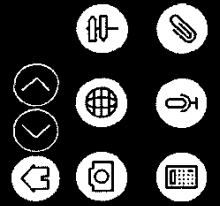
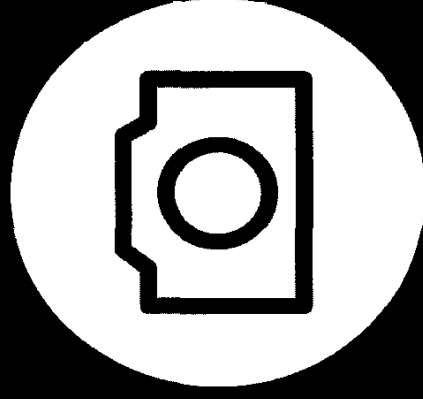
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# Key messages



## Key messages

### Joint Administrators of the Company

Matthew James Cowlshaw and

Daniel James Mark Smith

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HZ

### Contact details

Email: [wpackwood@deloitte.co.uk](mailto:wpackwood@deloitte.co.uk)

Website:

[www.deloitte.com/uk/iresa](http://www.deloitte.com/uk/iresa)

Tel: 01212 696 8661

Date proposals delivered to creditors: 25 September 2018



## Commentary

**Purpose of the administration**

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

## Joint Administrators' strategy

- 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 called the Supplier of Last Resort ("SOLR") process.

- The Administrators are working with Octopus to provide a smooth transition for customers and maximise the recovery of customer arrears for the benefit of creditors. In addition the Administrators are seeking to maximise recoveries of the remaining assets of the Company as detailed on pages 13 and 14.

## Approval of the proposals

- As we anticipate funds being available for distribution to unsecured creditors, we are required to seek a decision from unsecured creditors on approval of our proposals and also to invite unsecured creditors to make decisions regarding our fees and expenses. Notices of the decision procedures to consider these matters have been posted to the website together with guidance on what action if any is required.

- Please note that hard copies of any of these documents will be provided to you free of charge on request using any of the contact details provided to the left of this page.

## Estimated Timescale

- On current information, the duration of the administration is likely to exceed 12 months. The Administrators will continue to consider options following the administration which include the Company moving to dissolution or CVL. Further details are provided at Page 17.

## Estimated Costs and Estimate of work required to be done

- We propose to fix the basis of our fees at a set amount of £445k as detailed on page 19.
- We anticipate that disbursements of approximately £3.6k will be incurred over the duration of the appointment as detailed on Page 28.

- We anticipate that third party costs in relation to legal fees will be in the region of £50k (plus VAT, expenses and commissions) over the duration of the appointment as detailed on Page 19.

- We are in the process of appointing third party agents in respect of debt collection and chattel asset disposals. We will be proposing the agents fees be linked proportionally to the level of asset realisations.

## Estimated Outcomes

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

- Secured creditor – The secured creditor will be repaid in full.
- Preferential creditors – Based on current information, we do not anticipate there will be any preferential claims.
- Unsecured creditors – It is likely that 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.

## Proposals

- Our proposals for managing the business and affairs of the Company can be found on page 15.





## Background

The Company

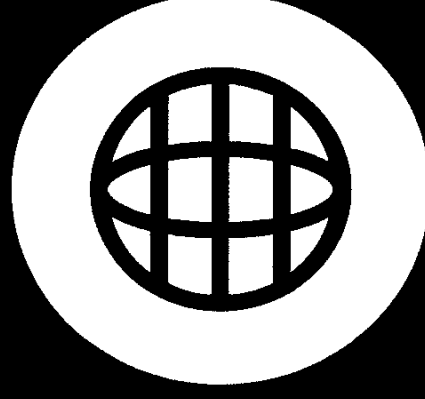
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## Background

### The Company

#### Background

The Company is a privately owned, technology driven energy supplier to the domestic market. Until 31 July 2018, the Company was the holder of a licence granted under section 6(1)(d) of the Electricity Act 1989 and a licence granted under section 7A(1) of the Gas Act 1986.

The Company was incorporated in August 2012 and operates from serviced offices in Beeston, Nottingham.

Since entering the gas and electric supply market in 2015, the Company secured rapid growth by offering energy at competitive prices, with c.100,000 customers by early 2018.

#### Employees

As at 1 August 2018, the Company employed 52 staff.

36 employees have been made redundant as at 18 September 2018 with the remaining employees being retained to assist with customer account reconciliations and wind down of operations.

#### Company Directors

As at the date of the Joint Administrators' appointment, the statutory director of the Company was Mr Adeniyi Oluwaseun Oladeji and there were no former directors.

#### Security and banking facilities

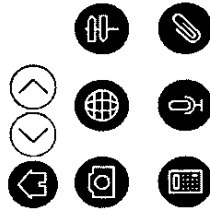
The Company's banking facilities did not offer an overdraft facility and held no security over the Company assets. As such, there was no exposure at the date of appointment.

Contract National Gas Limited ("CNG"), the Company's key gas supplier has a floating charge debenture in respect of all monies and liabilities due from the Company. The debenture was registered in April 2018. CNG are in the process of reconciling their exposure at the date of appointment.

#### Directors' statement of affairs

The Directors' statement of affairs have not been received to date and will be uploaded to the website in due course upon receipt.

The Company is continuing to reconcile customer accounts and finalise the debtor position which forms a material balance of the statement of affairs.



## Background

### Summary financials

#### Summary profit and loss account

£'000	Management Accounts for 6 months to		Management Accounts for 12 months to	
	30-Jun-18	30-Dec-17	30-Dec-17	30-Dec-16
Turnover	55,929	71,840	2,900	2,900
Cost of Sales	(59,205)	(67,177)	(2,759)	(2,759)
<b>Gross Profit</b>	<b>(3,276)</b>	<b>4,663</b>	<b>141</b>	<b>141</b>
Gross Margin %	(6%)	6%	5%	5%
Other Expenses	(2,860)	(3,225)	(351)	(351)
<b>(L)/EBIT</b>	<b>(6,136)</b>	<b>1,438</b>	<b>(209)</b>	<b>(209)</b>

Source - Management Information

#### Summary balance sheet

£'000	Management Accounts for 6 months as at		Unaudited Statutory Accounts as at	
	30-Jun-18	30-Dec-17	30-Dec-17	30-Dec-16
Tangible assets	14	17	10	10
Intangible assets	-	-	-	-
<b>Fixed assets</b>	<b>14</b>	<b>17</b>	<b>10</b>	<b>10</b>
Debtors	26,276	40,093	2,529	2,529
Cash at bank	555	4,894	1,033	1,033
<b>Current Assets</b>	<b>26,831</b>	<b>44,988</b>	<b>3,562</b>	<b>3,562</b>
Creditors	(32,894)	(44,823)	(3,442)	(3,442)
<b>Total Liabilities</b>	<b>(32,894)</b>	<b>(44,823)</b>	<b>(3,442)</b>	<b>(3,442)</b>
<b>Net Assets</b>	<b>(6,049)</b>	<b>181</b>	<b>130</b>	<b>130</b>

Source - Management Information, Statutory Accounts

#### Overview of financial information

Extracts from Management Information and unaudited Company accounts for the 12 months to 30 December 2016, 12 months to 30 December 2017 and the six months to 30 June 2018 are shown opposite.

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

#### Profit and loss commentary

The Company recorded a £6.1m EBIT loss for the six months to 30 June 2018, significantly down on the result from the previous year (EBIT profit of £1.4m for the year to 30 December 2017).

There are a number of reasons for the Company's performance, including increasing expenditure in order to address concerns raised by the Energy Regulator, Ofgem (in relation to poor customer service). The Company also experienced increased wholesale prices and extreme weather resulting in increased amounts of energy being purchased at the spot price.

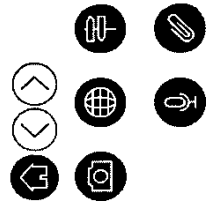
These factors, coupled with customers being largely on fixed price tariffs, reduced margins and profitability of the Company.

#### Balance sheet commentary

The Company has limited tangible assets. These are principally computer equipment and other fixtures and fittings.

Debtors form the most significant asset of the business. Trade debtors vary seasonally as the majority of customers pay a fixed monthly direct debit whilst usage is higher in the colder months, and lower through warmer weather.

As at 30 June 2018 the Company had a cash balance of c.£555k. Cash at bank had been reducing as a result of trading losses and the inability to realise certain debt balances owed to the Company due to restrictions placed on the Company by Ofgem.



## Background Joint Administrators' appointment

### Circumstances giving rise to the appointment of the Joint Administrators

#### Reasons for failure & financial distress

As already noted, the Company is a privately owned, retail utility supplier, supplying gas and/or electricity to domestic customers.

The business grew rapidly since its launch in 2015 and prior to the administration appointment was serving approximately 90,000 customers, generating c.£100m revenue competing principally through offering low cost tariffs on price comparison websites.

In early 2018, Ofgem (the energy regulator) opened an investigation into whether Iresa had breached its licence conditions and Consumer Complaints Handling Standards relating to treating customers fairly, complaints and call handling, customer switching, providing refunds and consideration of customers' ability to pay when in debt.

Following the conclusion of their investigation, on 27 March 2018 Ofgem made a Provisional Order which required the Company to demonstrate improvements in customer service over a three month period.

During the period of the Provisional Order, restrictions were enforced:

- Prohibiting the Company from taking on any new customers, or adding any customer accounts by upgrading to dual fuel;
- Prohibiting the Company from issuing new demands for one off payments for the supply of gas and/or electricity where the customer was not in default with the agreed payments plan under the terms of their contract; and
- Prohibiting the Company from increasing the amount of their contract for the supply of gas and/or electricity.

These restrictions put significant pressures on the Company's cash flows. The Company also experienced financial distress and cash flow difficulties as a result of market conditions, with wholesale energy prices increasing significantly, and unfavourable weather conditions resulting in increased energy demand from customers.

#### Reasons for failure & financial distress (cont'd)

Following the three month period of the Provisional Order, Ofgem were not satisfied that sufficient improvements has been made in relation to customer service and confirmed the Provisional Order on 27 June 2018 which enforced the restrictions on the Company indefinitely.

#### Steps taken to remedy/turnaround

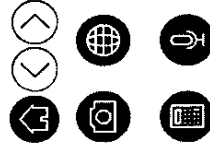
Following the Provisional Order being placed on the Company, the Director engaged Deloitte LLP in April 2018 to assist with a commercial refinance to source additional funding to support the short term cash flow whilst the Company sought to address the Provisional Order requirements.

The commercial refinance proved unsuccessful with parties citing the uncertainty around the provisional order as one reason not to provide additional finance.

The director, subsequently engaged Deloitte in May 2018 to run an Accelerated M&A process. A summary of the process is outlined below.

#### Summary of Accelerated M&A process

- The Company commenced an Accelerated M&A ("AMA") process to explore a potential sale of the Company on 29 May 2018.
- The AMA process targeted a completed transaction by the end of July.
- 26 potential purchasers including 16 trade buyers and 10 financial investors were approached as part of the process.
- Of the target list, 6 parties signed up to an NDA and were provided with a comprehensive information pack on the Company with indicative offers requested by 9 July 2018.
- One party submitted an indicative offer and were provided further information together with the offer of meetings with Management and its advisers to discuss the opportunity.



## Background Joint Administrators' appointment

### Summary of Accelerated M&A process (cont'd)

- All parties in the second stage of the AMA process were requested by the Company to submit a reconfirmation of offers by 16 July 2018.
- As at 16 July 2018, there was one offer for the shares of the Company, subject to a number of commercial conditions which the interested party was negotiating with Ofgem.
- Following negotiations with Ofgem, the interested party decided not to proceed with their offer and withdrew from the process on 26 July 2018.

### When decision to appoint was made

On withdrawal of the offer for the Company, the Director called a board meeting on 26 July 2018 where it resolved the Company had no option but to notify Ofgem to commence the SOLR Process and undertake actions necessary to place the Company into Administration.

In order to appoint a SOLR, Ofgem commenced the process to withdraw the Company's energy supply licenses.

A Court application was presented on 30 July 2018 to evidence the Company could no longer continue to trade as a going concern. This was agreed by the Court on presentation which approved the revocation of the Company's supply licenses.

Ofgem commenced the SOLR process and appointed Octopus on 31 July 2018 in order to continue customer supply. Octopus have no connection with the Director of the Company.

On 31 July 2018, Ofgem gave notice of the revocation of the Company's electricity supply license. The revocation took effect from 00:01 on 1 August 2018.

On 31 July 2018, Ofgem gave notice of the revocation of the Company's gas supply license. The revocation took effect from 05:01 on 1 August 2018.

At the point of the license revocation all active customers transferred to Octopus.

Matthew Cowlishaw and Daniel Smith were appointed Joint Administrators on 1 August 2018.

### Involvement of Deloitte pre-appointment

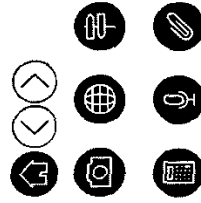
The Director of the Company approached Deloitte in April 2018 to discuss the financial situation at the Company. The Company engaged Deloitte LLP as follows:

19 April 2018: To review short term cash flow and seek a funder to support the Company's short term cash flow.

18 May 2018: To monitor short term cash flow and undertake contingency planning.

8 June 2018: To assist in preparing a response to the Office of Gas and Electricity Markets Provisional Order dated 27 March 2018 in relation to customer service levels.

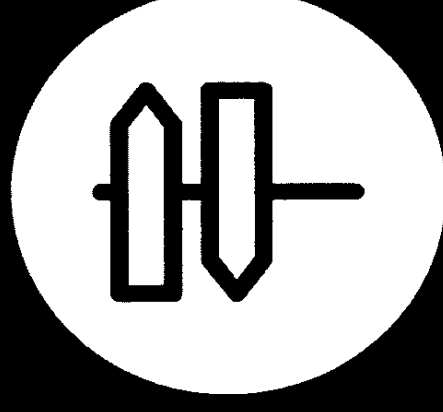
11 June 2018: To undertake an accelerated sales process.





## Post-appointment

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## Post-appointment Purpose

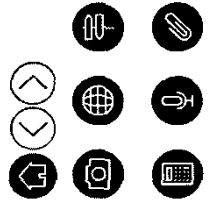
### Appointment of the Joint Administrators

Matthew James Cowlishaw and Daniel James Mark Smith of Deloitte were appointed Joint Administrators of the Company by the Director of the Company being Mr Adeniyi Oluwaseun Oladeji on 1 August 2018, following the filing of a Notice of Appointment of Joint Administrators by the Company.

### Purpose of the administration

Due to the SOLR process, the Company's licence to operate was revoked and therefore it was not possible to rescue the Company as a Going Concern.

Accordingly, the purpose of the administration was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company.



## Post-appointment Joint Administrators' strategy

### Trading / Wind-down Strategy

As a result of the SOLR process as outlined on page 9, all customers were transferred to Octopus prior to the Administrators' appointment.

As such, the Administrators strategy is to wind down the business in an orderly fashion in order to maximise value in the customer book through working with Octopus to support a smooth transition for customers and reconcile all customer accounts and raise final bills as at 1 August 2018.

In order to facilitate the wind-down strategy, the Administrators initially retained 50 of the 53 employees to assist in:

- Reconciling customer accounts to enable final bills to be raised;
- Dealing with customer queries in relation to final bills; and
- Providing IT support to ensure final bills are raised as accurately as possible.

The Administrators believe that by retaining staff, continuing to rent the Company's premises and provide Octopus with sufficient information to aid the customer transition, it will achieve a better result for creditors than immediate closure of the business. Closure of the business would likely have resulted in significant reductions to the level of recoveries on the customer accounts.

### Customers

All active customer accounts as at 1 August have been transferred to Octopus who are the initial point of contact for the customers to assist in the customer transition process.

As part of the agreement in the SOLR process, Octopus have agreed to honour all active customer accounts in credit (i.e. at the date of appointment Iresa owed the customer monies for overpayment in relation to the customer gas and electric supply).

### Customers (cont'd)

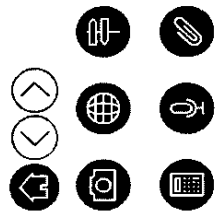
For the customers who had a debit balance at the date of Administration, please see the section "Customer Accounts in Debit" on page 13.

### Trading / Wind-down Strategy to date

The Administrators have secured a sale of the active customer accounts in debit to Octopus which the Administrators believe will maximise value to creditors upon collection of the outstanding amounts. Please see page 13 for further information.

The Administrators have a Cost Sharing Agreement ("CSA") with Octopus to share in the costs in retaining employees and associated overhead costs of keeping the Company operational during the wind-down period.

It is anticipated that customer accounts will be reconciled and the majority of final bills will be raised by the end of September. At this time the Administrators will make the retained employees redundant and exit the leasehold premises.





## Post-appointment Joint Administrators' strategy

### Asset realisations

#### Customer Accounts in Debit

As at the date of our appointment, the Company had a number of pre-appointment customer accounts in debit. To date we are unable to confirm the balance of these accounts as reconciliations are ongoing.

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. customer of the Company at 1 August 2018); and
2. Inactive customer arrears – amounts owed by customers who had previously left the Company prior to 1 August 2018.

#### Active customer arrears

The Administrators are in the process of working with Octopus to reconcile all customer accounts. The balance of active customer arrears at 1 August 2018 is to be finalised once reconciliations have been completed.

The Administrators sold the active customer arrears to Octopus. The consideration received is a guaranteed minimum amount, plus a subsequent share in any amounts collected over and above an agreed threshold. The expected level of realisations is uncertain at this time, however the Administrators are currently anticipating to realise more than the initial upfront payment for the outstanding arrears.

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

#### Inactive customer arrears

Where a customer left the Company prior to the Administrators appointment and the customer owed the Company money, the Administrator is proposing to appoint a third party debt collection agency.

#### Inactive customer arrears (cont.)

The Administrator is in the process of reconciling the customer accounts with the assistance of the retained employees.

Once this process is complete, a debt collection agency will be appointed to realise the amounts due. Given some accounts relate to amounts outstanding for between a 6 and 12 month period, the Administrators do not anticipate significant recoveries based on the current information available.

#### Customer deposits held by third party

The Company's merchant service provider was holding £50k (net of credit charges) in relation to monies collected from customers prior to the Company going in to Administration. The account has been reconciled by the Administrators and the amount due to the Company has been paid across by the provider.

#### Credit cover deposits

The Company had lodged £2m credit cover deposits with key suppliers.

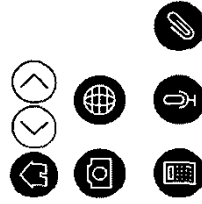
The Administrators are in the process of corresponding with these in order to recover the funds held by them. Given the terms and conditions of the agreements, the suppliers have set-off the security deposits against monies owing to them.

It is anticipated the majority of the credit cover balances will offset by unsecured claims in the Administration, albeit there may be some small balances available to realise once final industry reconciliations have been completed.

#### Cash at bank

The Company's bank account with HSBC was in credit by £3.2m at the date of appointment which has now been transferred to the administration bank account.

The Company also held accounts with Barclays which held a zero cash balance at the date of appointment.



## Post-appointment Joint Administrators' strategy

### IT technology

The Company developed a proprietary technology platform and supporting IT infrastructure to run the operations of the Company. The proprietary technology does not have registered Intellectual Property, however the title is owned by the Company.

The platform is still operational whilst the customer accounts are being reconciled.

Once this process is complete and all final bills have been raised, the Administrators will seek to market the technology and look to maximise realisations from its sale.

### Chattel assets

The Company's tangible assets principally relate to computer equipment, fixtures and fittings and other items at its trading premises. Based on information provided to date, the book value of these assets is £14k.

These assets are currently in use whilst the transition of customer / wind down of operations is undertaken. The Administrators are currently in the process of instructing agents to dispose of the assets once they are not required for the purpose of the Administration strategy, however given the type and age of the assets, the Administrators do not anticipate significant recoveries based on the current information available.

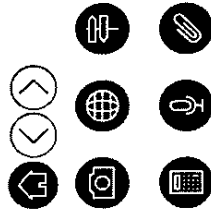
### Leasehold property

The Company operates from serviced office space in Beeston, Nottingham.

At the date of appointment, the Company rented 11 office spaces, of which 6 office spaces have been handed back to the landlord in September with the remaining space retained to facilitate the wind-down process.

### Receipts and payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 18 September 2018 is provided at Appendix B.



## Post-appointment Joint Administrators' proposals

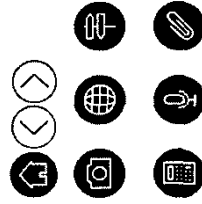
### The Joint Administrators' proposals

Our proposals for the administration include:

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

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

Please refer to Appendix D for further details.



## Post-appointment Outcome for creditors

### Estimated outcome for creditors

#### **Secured creditor**

The Company's Secured Creditor, Contract Natural Gas Limited, is in the process of reconciling their position to confirm the amounts due at the date of our appointment.

Any amounts are secured by way of floating charges granted by the Company on 17 April 2018. Based on currently available information, we expect there will be sufficient asset realisations to repay the Secured Creditor in full.

#### **Preferential creditors**

Preferential creditors consist of amounts owed to the Company's employees for arrears of wages/salaries, holiday pay and pension contributions. We estimate that there will be no preferential claims in the administration.

#### **Unsecured creditors**

The Directors' statement of affairs has not yet been received as detailed on page 6.

Based on information provided to date, we anticipate c.110 unsecured trade creditors with estimated non-preferential claims totalling £3.3m.

We anticipate a number of additional unsecured creditors, including significant regulatory creditors, once account reconciliations have been completed. The quantum of these unsecured creditors is currently uncertain.

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

### **Prescribed Part**

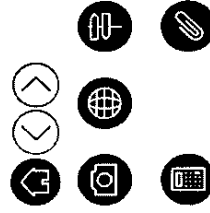
The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after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

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company.

As we currently anticipate that the Secured Creditor will be paid in full we do not expect that the Prescribed Part will apply as there will be no remaining creditors secured by way of floating charges.

### **Claims process**

Unsecured creditors are invited to submit their claims to us by completing a proof of debt form which is available on the administration website and which should be sent to the address on page 4, marked for the attention of Wendy Packwood.



## Post-appointments Extensions & exit routes

### Exit routes

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

There are several possible exit routes from administration:

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

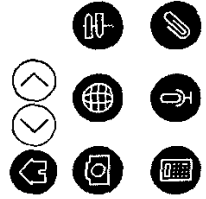
Please note that if the Company is placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the proposals are deemed approved by 9 October 2018.

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

### Discharge of Joint Administrators' liability

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

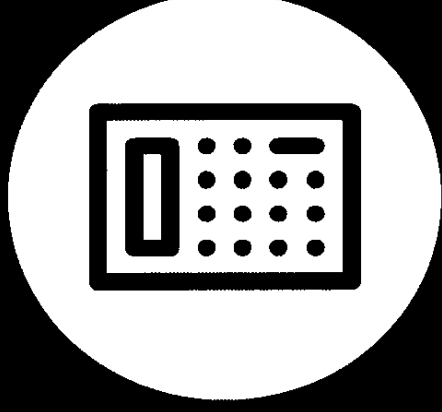
In this case, we will request approval from the unsecured creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.





## Remuneration and expenses

Creditors' Guide to Administrators' Remuneration	19
Pre-administration costs	20

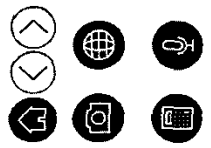


## Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

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

**Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 1 and this will be provided to you at no cost.**



### Basis of Administrators' remuneration

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

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

Having regard to the circumstances of this matter, and as set out in more detail in our estimate of work required on Page 27, we invite the creditors, or the creditors' committee should one be formed, to formally approve that the basis of our remuneration be fixed as a set amount of £445k. Approval will be sought as part of the decision procedure which will be held by correspondence, notice of which together with the resolutions being requested in respect of our remuneration and expenses, voting forms and general guidance is available at [www.deloitte.com/uk/iresa](http://www.deloitte.com/uk/iresa) and can also be provided to you in hard copy on request to Wendy Packwood using the contact details provided on page 4.

### Estimate of work required – Set Amount

Based on previous appointments of this nature and having regard to the likely number and grades of staff required to fulfil these obligations, we intend to seek approval to draw a fee of £445k. Full details of the work anticipated to be performed are provided at Appendix C.

### Joint Administrators' Expenses

We anticipate that the following expenses will be incurred for the duration of the appointment:

- Specific Penalty Bond– mandatory insurance cover to protect the estate in the event of loss. £230
  - Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment and proposed distributions to unsecured creditors. We estimate costs in this regard will be £170.
  - Legal Costs – we have instructed lawyers to assist in the following matters.
    - General legal advice - Shakespear Martineau LLP have been instructed to review validity of Appointment, prepare the Cost Sharing Agreement between the Company and Octopus and preparation of a sale and purchase agreement for the active customer arrears. They estimate their fee for so doing this work will be £50k plus VAT;
    - Agent's Costs – we will be instructing agents to assist in the following matters:
      - Debt book collections – We are in the process of instructing debt collection agents to collect the inactive customer arrears. We estimate their fee for so doing will be approximately 30% of realisations plus VAT;
      - Chattel assets - Independent firm of agents will be instructed to identify, secure and sell the computer equipment and any other chattel assets. We estimate their fee for so doing will be £2k plus VAT.
- All professional costs will be reviewed and analysed in detail before payment is approved.

## Remuneration and expenses

### Pre-administration costs

#### Pre-administration costs

Pre-administration costs are defined as the remuneration charged and expenses incurred by the Joint Administrators (or other person qualified to act as such) before the Company entered into administration but with a view to it doing so.

#### Approval of pre-administration costs

Unless a creditors' committee is formed, it will be a matter for the unsecured creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.

#### Statement of pre-administration costs

- In the period after the Company had informed Ofgem to enact the SOLR process and the board meeting which resolved to place the Company into Administration (26 July 2018) the prospective Administrators incurred unpaid time costs of £58,638.85 based on 80.80 hours at an average hourly rate of £725.37.
- During this period the prospective Administrators worked with the Company to:
  - Engage with Ofgem around the requirements of the SOLR process;
  - Assist the provision of information required by Ofgem for the SOLR process;
  - Liaison with legal advisors and Ofgem to ensure the necessary steps are in place for the Administration of an energy supply company;
  - Completion of the appointment documentation; and
  - Develop a strategy for the Administration appointment.
- The total amount remains unpaid.

#### Statement of pre-administration costs

##### Fees

We have incurred pre-administration time costs of £58,638.85, as detailed opposite.

##### Expenses

In addition, the following pre-administration expenses were also incurred:

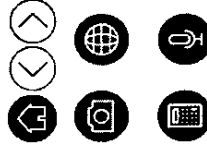
- Travel - £128.00

##### Legal costs

During planning for the administration, we were assisted by Shakespear Martineau LLP on matters including:

- Assist the Director in the preparation of the Witness Statement to be presented to Court as part of the SOLR process;
- Attending court on 30 July as part of the SOLR process; and
- Preparation of appointment documents.

In respect of this work, Shakespear Martineau LLP incurred £9,733.00 of time costs and £196.80 of expenses in relation to travel to the court hearing in London.



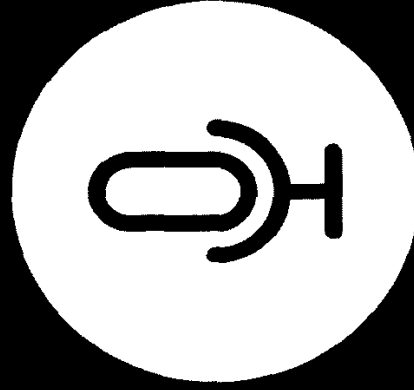




## Additional information

Investigations

22



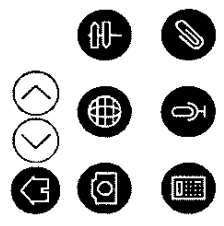
## **Additional information**

### Investigations

#### **Investigations**

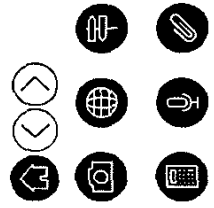
As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential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

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



## Additional information

Case specific matters



### EU Regulations

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

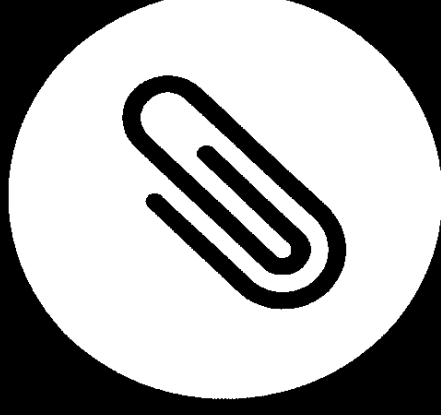
### Third party assets

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



## Appendices

Appendix A	25
Appendix B	26
Appendix C	27
Appendix C1	28
Appendix D	29
Important notice	30



## Appendices Appendix A

### Statutory Information Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Company. The web address is [www.deloitte.com/uk/iresa](http://www.deloitte.com/uk/iresa).

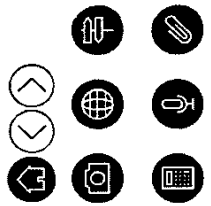
All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Wendy Packwood using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now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

Phone: 0121 696 8661

Email: [wpackwood@deloitte.co.uk](mailto:wpackwood@deloitte.co.uk)

postal address: c/o Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ

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



# Appendices

## Appendix B

### Joint Administrators' receipts and payments account 1 August 2018 to 18 September 2018

£	Notes	Period	To date
<b>Receipts</b>			
		3,241,856	3,241,856
	Cash on Appointment	6,001	6,001
	Third Party Monies	540,079	540,079
	Book Debts	5,594	5,594
	Unallocated Receipt	86,287	86,287
	Cost Sharing Agreement	-	-
	Credit Cover	3,106	3,106
	Other Receipt	3,882,922	3,882,922
	<b>Total receipts</b>		
<b>Payments</b>			
	Rent & Rates	9,408	9,408
	Payroll Expense	1,518	1,518
	Payroll	110,320	110,320
	IT Costs	6,740	6,740
	Unknown Payment	249	249
	<b>Total payments</b>	<b>128,235</b>	<b>128,235</b>
	<b>Balance</b>		<b>3,754,688</b>
<b>Made up of:</b>			
	IB Current Account	3,854,741	3,854,741
	VAT Payable	(100,053)	(100,053)
	<b>Balance in hand</b>		<b>3,754,688</b>

### Notes to the receipts and payments account

A receipts and payments account for the period from the date of appointment to 18 September 2018 is provided opposite.

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

**Note 2** – Book Debts includes the initial payment made by Octopus. See page 13 for further details.

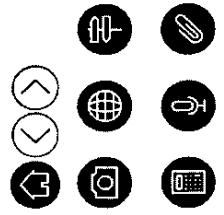
**Note 3** – Cost Sharing Agreement payment received from Octopus. See page 12 for further detail.

**Note 4** – PAYE and National Insurance has been accounted for and will be paid to HM Revenue & Customs in due course.

**Note 5** – All sums are shown net of VAT, which is payable to / recoverable from HM Revenue & Customs in due course.

**Note 6** – Other Receipt includes money held by a supplier in trust for the Company at date of appointment.

**Note 7** – The Directors' Statement of Affairs has not been received to date. Please see page 6.



## Appendices Appendix C

### Estimate of work to be undertaken

#### Joint Administrators' Estimate of Work to be undertaken – set fee basis

Details of work that we anticipate will be undertaken and for which a set fee of £445k will be charged on this case are provided below:

##### Statutory Tasks and Administration

- Formulating and implementing an appropriate strategy.
- Case set-up, including data capture and entry.
- Cashiering – operating bank accounts with monthly bank reconciliations, correspondence with Company's bank to transfer funds periodically.
- Statutory reporting - 6 monthly progress reports; extension applications and CDDA reporting.
- Complying with data protection and health and safety matters.
- Preserving electronic data and hard copy records from the Company's records.

##### Wind down and Asset Realisations

- Wind down period – managing the operations and dealing with enquiries from customers, suppliers, agents and employees whilst the wind down period is being conducted. Liaison with key technology suppliers to ensure technology platforms maintained and kept live to assist with wind down period and maximisation of debtor realisations. Ongoing communication with serviced office space providers to maintain office space through wind down.
- Customer communication – correspondence with customers and liaison with Octopus to ensure smooth transition for customers in line with SOLR requirements and to ensure maximisation of debtor realisations.
- Sale of assets – facilitating the sale of certain assets of the business, dealing with requests for further information, and agreeing deal terms for the sale and purchase agreement.

#### Wind down and Asset Realisations (cont'd)

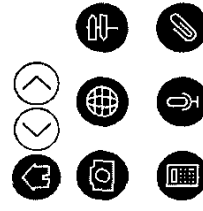
- Liaison with Octopus – negotiation of cost sharing agreement with SOLR, monthly reconciliations with costs incurred.
- Realisation of active book debts – overseeing recovery of book debts with the purchaser, finalising final bills and reconciliations of customer accounts. Monthly reconciliations to ensure timely oversight of collection process.
- Realisation of inactive book debts – appoint agents through tender process based on maximum estimated recoveries for creditors. Support transition of customer bills from Company billing systems to agent's IT platforms.
- Technology – review strategy for sale of technology platform. Develop / execute marketing process to potential interested parties. Process to be commenced once technology platform no longer required for debtor realisations.
- Credit cover – communication with suppliers where credit cover was lodged to review reconciliations of credit position, and realise credit cover where available.
- Realisation of other assets, including computer equipment – liaising with agents and negotiations with purchasers.

#### Creditors

- Correspondence with customers who have queries.
- Dealing with creditor claims.
- Distributions to secured, preferential and unsecured creditors where applicable.
- Employee issues – consultation, updates and administering employee claims (where applicable).

#### Case specific matters

- Tax and VAT returns completed and filed as required during the administration.



# Appendices

## Appendix C1

### Disbursements

#### Disbursements

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

##### Category 1 disbursements

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

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

##### Category 1 disbursements

£ (net)	Incurred in report period	Total cost for the period of the appointment	Unpaid
Travel	294	444	444
Specific Bond	230	230	230
Statutory Advertising	85	85	85
<b>Total disbursements</b>	<b>609</b>	<b>759</b>	<b>759</b>

##### 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. Specific approval is required before these costs and expenses can be drawn from the administration estate.

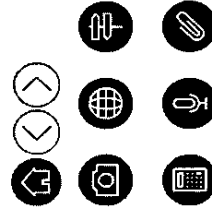
Our estimate of Category 2 disbursements is given below, all figures are shown exclusive of VAT.

##### Category 2 disbursements

£ (net)	Incurred in report period	Total cost for the period of the appointment	Unpaid
Mileage	1,991	2,491	2,491
Website set up	500	500	500
<b>Total disbursements</b>	<b>2,491</b>	<b>2,991</b>	<b>2,991</b>

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

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.





# Appendices

## Appendix D

### Joint Administrators' proposals and decision procedures

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

1. Approval of our proposals;
2. Whether a creditors' committee should be established;
3. Approval that the basis of the Joint Administrators' remuneration shall be fixed as a set fee, plus VAT.
4. Approval that the Joint Administrators' category 1 disbursements and category 2 disbursements in respect of mileage and statutory websites (as detailed on page 28) be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
5. Approval that the Joint Administrators' pre administration fees and expenses of £58,638.85 and £128.00 and legal fees / disbursements of £9,733.00 and £196.80 as detailed on page 20 of the Joint Administrators' proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses, plus VAT, from the administration estate.
6. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

### Deemed Consent – Approval of the Joint Administrators' Proposals

We intend to seek approval of our proposals by deemed consent, as detailed in the Notice of Decision to be held by deemed consent which is now available on the website at [www.deloitte.com/uk/iresa](http://www.deloitte.com/uk/iresa) for viewing and download. This means that you do not need to take any action unless you wish to object and in which case you must notify us of your objection before 23.59 hours on 9 October 2018. Please refer to the Notice for further details.

### Creditors' Decision Procedure – to be held by correspondence – fixing the basis of our remuneration and other matters

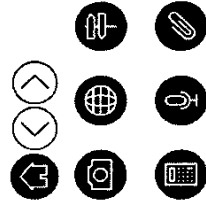
We are also asking creditors to consider a number of other matters which we are required to do using a creditors' decision procedure, that is, a procedure which enables creditors to vote for or against the matters under consideration. We propose to do this by correspondence as detailed in the Notice on ADM\_F3 which is also available on the website at [www.deloitte.com/uk/iresa](http://www.deloitte.com/uk/iresa) for viewing and download.

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

Please note that in the event that a creditors' committee is formed, specific approval for resolutions 1, 3, 4, 5 and 6 as shown in the opposite column will be requested from the creditors' committee.

### Decision Date

In order to be counted your votes must be received before 23.59 hours on 9 October 2018.



## Appendices

### Important notice

#### Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act 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 purpose, or in any other context.

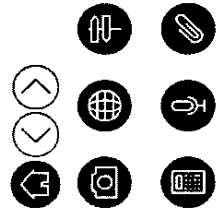
This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

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

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act 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.

The Joint Administrators act as agents of the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.



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## Rule 15.18(2)

## Creditor's requisition of decision

<b>Name of Company</b> Iresa Limited	<b>Company number</b> 08186664
<b>In the</b> High Court of Justice, Business and Property Courts of England & Wales <small>(full name of court)</small>	<b>Court case number</b> 006300-2018 of 218

(a) Insert full name and address of the creditor making the request

I (a)

(b) Insert full name and address of registered office of the company

(b)  
Iresa Limited  
c/o Deloitte LLP Four Brindleyplace Birmingham B1 2HZ

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and address(es) of creditors concurring with the request (if any) and their claims in the administration if the requesting creditor's claim is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of concurrence.

(e) Insert details of the

The purpose of the decision is (e)  
Approval of the Joint Administrators' proposals.

Signed

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Dated

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