



FRIDAY



A21 *A8ZRLZ5U* #73
28/02/2020
COMPANIES HOUSE

1 Company details

Company number 0 9 1 3 4 9 9 7

Company name in full Our Power Energy Supply Limited

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

2 Administrator's name

Full forename(s) Alistair

Surname McAlinden

3 Administrator's address

Building name/number Saltire Court

Street 20 Castle Terrace

Post town Edinburgh

County/Region

Postcode E H 1 2 E G

Country

4 Administrator's name [Ⓢ]

Full forename(s) Blair Carnegie

Surname Nimmo

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

5 Administrator's address [Ⓢ]

Building name/number Saltire Court

Street 20 Castle Terrace

Post town Edinburgh

County/Region

Postcode E H 1 2 E G

Country

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

AM10
Notice of administrator's progress report

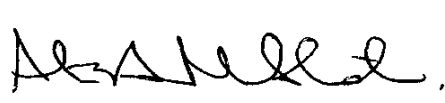
6 Period of progress report

From date	^d 3	^d 1	^m 0	^m 7	^y 2	^y 0	^y 1	^y 9	
To date	^d 3	^d 0	^m 0	^m 1	^y 2	^y 0	^y 2	^y 0	

7 Progress report

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

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 **Jack Gillespie**

Company name **KPMG LLP**

Address **319 St Vincent Street
Glasgow**

Post town **G2 5AS**

County/Region

Postcode

Country

DX

Telephone **Tel +44 (0) 141 226 5511**



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



Joint
Administrators'
progress
report for the
period 31 July
2019 to 30
January 2020



Our Power Energy Supply
Limited - in Administration

27 February 2020

Deemed delivered: 2 March
2020

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+OJ12943238.html>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 8).

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1 Executive summary

- This progress report covers the period from 31 July 2019 to 30 January 2020.
- We delivered our statement of proposals ('proposals') to all known creditors on 27 March 2019. The proposals were deemed approved without modification on 11 April 2019. We delivered our first progress report on 27 August 2019
- We have continued to progress the administration in line with the strategy outlined in our proposals
- Following a SOLR process, the Company ceased to trade prior to the administration, with the administration process focussing on the realisation of Company's assets for the benefit of the creditors. The Company's principal asset comprises its debtors' ledger. Final billing has now been completed, with the key focus being on ingathering the sums due by the Company's customers. The debtors' ledger has been finalised at £4.34 million of which £3.08 million (including VAT due to HMRC of c.£146,900) has been ingathered to date. (Section 2 - Progress to date).
- Sufficient funds will be realised to enable a distribution to the secured creditors, who hold a floating charge over all of the business and assets of the Company. (Section 3 - Dividend prospects).
- The preferential creditors should receive full repayment of their claims. (Section 3 - Dividend prospects).
- We anticipate the unsecured creditors should receive a small dividend via the Prescribed Part Rules. The timing and quantum of such a dividend is currently uncertain, being dependent upon the outcome of the debt collection process, the costs of the administration process and the level of valid unsecured claims received. (Section 3 - Dividend prospects).
- To date, the creditors have provided approval of the Joint Administrators' interim floating charge fee in the sum of £515,397.00 plus disbursements of £4,619.53 (both plus VAT) in line with the fees estimate included in the proposals. The creditors also provided their approval to payment of our pre-administration costs of £41,408.22 plus VAT. These fees have been drawn after the period covered by this report. (Section 4 – Joint Administrators' remuneration and disbursements).
- This report includes a revised fees estimate as we anticipate that our time costs will increase in certain areas, as set out in Section 4.1.
- During the period, the secured and preferential creditors granted a 12-month extension to the period of the administration.

Please note: you should read this progress report in conjunction with our previous progress report and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+OJ12943238.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Alistair McAlinden
Joint Administrator



2 Progress to date

This progress report covers the period from the 31 July 2019 to 30 January 2020. This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals and first progress report, notice of which was issued to all known creditors on 27 March 2019 and 27 August 2019, respectively.

The Joint Administrators' proposals and first progress report can be accessed at: <https://www.insolvency-kpmg.co.uk/case+KPMG+OJ12943238.html>.

2.1 Strategy

The administration process comprises the wind down of the Company's affairs, focussing on the realisation of the Company's assets for the benefit of its creditors, as set out in the proposals. The proposals were deemed approved without modification on 11 April 2019.

Following cessation of trading prior to appointment, the Company's principal asset comprises debts due by customers for energy supplied up to the date of the SOLR transfer, together with cash in hand and in transit, collateral deposits and sundry debts. An update on our strategy and the progress achieved with regards to each category of asset is set out below.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Debtors

As previously reported, our priority has been to contact customers, finalise billing and obtain payment. To assist in this regard, we appointed UEL under a debt service agency agreement ("the DCA"). The DCA has been extended such that it is currently due to expire on 31 March 2020, to allow further time for the collection of sums due on a cost effective basis.

To date, UEL's assistance has enabled c.28,500 customers to be final billed. This has generated a debtors' ledger of £4.34m. UEL has also assisted in collecting the sums due by customers, with a total of c.£917,000 (excluding VAT) realised in the period bringing total recoveries from the date of appointment to date to £3.08 million, including VAT of c.£146,900 (which has been paid to HMRC).

With UEL's assistance, we have also recovered c.£100,000 (excluding VAT) from members in relation to energy supplied prior to the date of appointment, increasing recoveries from this category of debtor to £123,074 (including VAT of c.£6,000, which has been paid to HMRC).

Final billing is now effectively complete. We continue to seek payment of the outstanding bills and are currently assessing our options in maximising realisations from the residual ledger.

UEL has continued to reimburse the Company for the costs of the IT systems and infrastructure required to enable final billing and credit control. Funding provided to date

totals £374,703, of which £46,096 was received in the period. These monies have been used to pay the costs incurred by the Company. Any surplus monies not spent will be returned to UEL in due course.

Collateral and credit cover

We continue to pursue the Company's collateral deposits and secured credit cover, which totalled approximately £1.26 million at the date of the administration. We have written to all of the counterparties, recovering £41,358 to date. Future recoveries from this source are dependent upon the extent of counter claims which providers are entitled to offset against the funds provided.

Cash at bank and in transit

We have secured the funds in the Company's pre-appointment bank accounts, of c.£257,000, and which were in transit as at the date of appointment, of c.£131,793.

VAT Refund

The Company was part of a VAT group with the other members of the Our Power group. We brought the VAT records up to date and have submitted the final return due for the month ending January 2019 seeking a refund of c.£214,000. We continue to liaise with HMRC with a view to recovering as much of this sum as possible.

Office and IT equipment

Upon appointment, we instructed GMG, independent valuation agents, to inventory, value and sell all owned office and computer equipment.

The majority of the physical assets had negligible second hand value. Those assets with value have been uplifted and will be sold after UEL vacates the leasehold premises (see below).

Leasehold property

The Company occupied three leased premises at 3 and 4 Hay Avenue, Edinburgh.

Two of the units have been returned to the landlord, with the third unit being used by UEL to provide the services under the DCA. UEL is reimbursing the Company for the costs of the leased unit. This unit will be returned to the landlord in due course.

Other assets

The Company's records disclose the following other assets:

- intercompany loans due to the Company by the Society of £164,000 and Our Power Energy Limited of £13,000. Given the administration appointment to the Society, this loan is not expected to be repaid. OPEL, a dormant holding company, has now been struck off the Register of Companies and this debt written off.
- certain prepayments totalling £58,000;

- other debtors being: connected party loan of £4,000, grant funding of £49,000 and a flat deposit of £1,000.

We are pursuing recovery of the prepayments and other debtors noted above. No realisations have been secured from these assets to date.

Investigations

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

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Debt collection commission

In the period, we have paid UEL £430,355 under the terms of the DCA for their assistance with final billing and collection of the debts due.

Rent

We have paid £29,093 in the period for the occupation of the leasehold premises at 4 Hay Avenue, from the date of appointment to 29 February 2020. As noted above these costs are being funded by UEL under the terms of the DCA.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

The expenses of the administration are expected to exceed our prior expectations as set out in our proposals and first progress report. A revised expenses estimate is enclosed at Appendix 5. The increase is attributable to the further investment of time and cost in final billing and credit control, with the DCA extended beyond the period previously envisaged in order to maximise debtor recoveries for the benefit of the creditors. The additional debtor recoveries achieved have exceeded the additional expenses incurred.

3 Dividend prospects

3.1 Secured creditors

The Company was funded by a consortium of funders, who advanced monies to the

Society, the Company's ultimate owner. The Society in turn lent these monies to the Company. Details of the sums due to the funding consortium as per the Company's books and records are set out in the table below.

Figure 1: Secured lenders debts as per the Company's books and records

Secured creditor	Sums due £m
Scottish Government	9.8
Social Growth Fund LLP	3.1
The Rowntree Foundation	1.0
The Trustees of Esme Fairbairn Foundation	0.5
The Tudor Trust	1.1
Barrow Cadbury Trust	0.5
Robertson Trust	0.3
Charity Aid Fund	0.3
Total	16.6

Social Investment Scotland ("SIS") acts as security trustee for the funding consortium. Via SIS, the funders hold a post Enterprise Act floating charge over the business and assets of the Society and its subsidiaries, including the Company, supported by cross guarantees.

We anticipate that the secured creditors will receive a small distribution under the terms of the floating charge.

3.2 Preferential creditors

Based on claims received to date, we estimate the amount of preferential claims to be c.£24,000.

Based on current estimates, we anticipate that preferential creditors should receive a distribution of 100p:£1. We have commenced the adjudication of these claims, with the timing of the distribution dependent upon the responses received from the creditors. We will provide the preferential creditors with an update under separate cover in due course.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a small Prescribed Part dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs.

Sufficient net funds will not be realised to enable an ordinary dividend to the unsecured creditors.

4 Joint Administrators' remuneration and disbursements

4.1 Joint Administrators' remuneration and disbursements

Joint Administrators' remuneration and disbursements

The secured and preferential creditors have provided approval that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in the Administrators' proposals.
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with the Administrators' proposals.

It has become apparent during the period that we will exceed our previous fees estimate. Therefore, we are also now seeking approval from the secured and preferential creditors for a revised fees estimate which totals £1.167 million, being an increase of £255,966.85 from our initial fees estimate. The revised fees estimate is included in Appendix 4.

Our time costs are expected to increase, primarily for the following reasons:

- Debtor collections - Additional time and effort has been invested in the debt collection process, with the DCA with UEL extended from 30 June 2019 to 31 March 2020. This has resulted in higher than anticipated debtor recoveries, which have now reached c.£3.08 million (as noted above). However, this has necessitated the incurrence of higher than anticipated time on the debt collection process.
- Employee and creditor liaison - The administration has generated significant interest from and interaction with creditors, beyond that initially anticipated. Dealing with the Company's 68 employees and the Redundancy Payments Office ("RPO") has also required additional time due to the level of queries raised.
- Statutory & compliance and Tax - The increase largely reflects the reporting agreed with the secured lenders together with the anticipated extension of the administration due to the prolonged debt recovery process. The increase in tax related hours reflects the extension of the debt collection process and hence greater VAT accounting responsibilities, together with a recent change in the VAT rules in relation to utility supply companies.

We have reduced the estimated hours/costs for those workstreams where we anticipate costs to complete will be less than originally assessed.

Time costs

From 31 July 2019 to 30 January 2020, we have incurred time costs of £177,101.55. These represent 454.30 hours at an average rate of £389.83 per hour.

Joint Administrators' remuneration and disbursements

The creditors previously provided approval to the Joint Administrators' interim floating charge fee of £515,397.00 plus disbursements of £4,619.53 (both plus VAT) for the period 31 January to 30 July 2019. This was in accordance with the fees estimate provided in the Joint Administrators' proposals. The creditors also provided their approval to payment of our pre-administration costs as an expense of the administration in the sum of £41,408.22 (excluding VAT). These fees have been drawn after the period covered by this report.

In accordance with the original fees estimate we intend to draw a fee of £163,729.76 plus VAT for the period 31 July 2019 to 30 January 2020.

If you wish to challenge the basis of our remuneration, the remuneration charged, or the disbursements incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report. Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Jack Gillespie at KPMG LLP, 319 St Vincent Street, Glasgow, G2 5AS.

Disbursements

During the period, we have not incurred any additional disbursements.

Additional information

We have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 31 July 2019 to 30 January 2020. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

As previously reported, we will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- continuing to pursue outstanding debtors and implementing an appropriate strategy for the recovery of the residual ledger;
- pursuing sundry and other assets, including the VAT refund, credit and collateral deposits, prepayments and sundry debtors;
- agreeing and settling all third party, legal and agents' fees, as appropriate;
- reporting to and liaising with the Company's creditors;
- facilitating distributions to the secured creditors under the terms of the floating charge;
- completing the adjudication of the preferential creditors' claims and facilitating a distribution;
- adjudicating upon the unsecured creditors' claims and facilitating a Prescribed Part dividend;
- finalising all VAT and Corporation Tax matters; and

- attending to all statutory and administrative matters.

5.2 Discharge from liability

The secured and preferential creditors have granted approval that we be discharged from liability in respect of any actions as Joint Administrators, when the administration comes to an end.

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

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability.

5.1 Future reporting

We will provide a further progress report within one month of 30 July 2020 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company name	Our Power Energy Supply Limited
Date of incorporation	17 July 2014
Company registration number	09134997
Present registered office	1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, CR-000660 of 2019
Appointor	Directors
Date of appointment	31 January 2019
Joint Administrators' details	Alistair McAlinden and Blair Nimmo
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £1.3 million. Estimated Prescribed Part is £266,000. The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	30 January 2021

Appendix 2 Joint Administrators' receipts and payments account

Our Power Energy Supply Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 31/07/2019 To 30/01/2020 (£)	From 31/01/2019 To 30/01/2020 (£)	
ASSET REALISATIONS			
8,000.00	Furniture & equipment	NIL	NIL
840,000.00	Book debts	916,764.70	2,938,128.71
	Deposit	NIL	50,000.00
	Members debts	99,898.90	117,214.59
94,000.00	Other debtors and prepayments	NIL	NIL
111,000.00	VAT refunds (pre-app'ent)	NIL	NIL
252,000.00	Cash at bank	NIL	256,981.27
	Cash in transit	NIL	131,793.22
	Collateral and credit cover	NIL	41,358.00
	Members portal	NIL	5,000.00
		1,016,663.60	3,540,475.79
OTHER REALISATIONS			
	Bank interest, gross	3,754.42	5,505.18
	Third Party Funding	46,096.00	374,702.79
	Disputed funds	40,051.89	197,904.10
		89,902.31	578,112.07
COST OF REALISATIONS			
	Payroll Bureau costs	NIL	(858.05)
	Agents'/Valuers' fees	(2,960.67)	(6,235.67)
	Sub contractors	NIL	(10,551.36)
	Legal fees	(4,398.00)	(24,741.00)
	Debt collection commission	(430,355.29)	(960,306.53)
	IT system costs	(5,374.85)	(200,816.06)
	Storage costs	NIL	(385.20)
	Statutory advertising	NIL	(73.00)
	Rent	(29,092.99)	(29,092.99)
	Other property expenses	NIL	(277.92)
	Insurance of assets	(112.00)	(1,792.00)
	Wages & salaries	9.62	(40,650.01)
	PAYE & NIC	NIL	(2,667.04)
	Bank charges	NIL	(140.00)
		(472,284.18)	(1,278,586.80)

Our Power Energy Supply Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 31/07/2019 To 30/01/2020 (£)	From 31/01/2019 To 30/01/2020 (£)
PREFERENTIAL CREDITORS			
(19,000.00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
FLOATING CHARGE CREDITORS			
(16,548,000.00)	Floating charge	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(14,380,000.00)	Trade & expense	NIL	NIL
(44,000.00)	Employees	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(1.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(29,686,001.00)		634,301.73	2,840,001.03
REPRESENTED BY			
	Floating ch. VAT rec'able		246,270.42
	Floating charge current		2,800,090.63
	Floating ch. VAT payable		(234,793.38)
	Floating ch. VAT control		28,433.36
			2,840,001.03

Appendix 3 Schedule of expenses

Schedule of expenses (31/07/2019 to 30/01/2020)			
Expenses (£)	Incurred and paid in the period (£)	Incurred to date not yet paid (£)	Total (£)
Cost of realisations			
Payroll bureau costs	0.00	142.00	142.00
Agents'/Valuers' fees	2,960.67	6,000.00	8,960.67
Legal fees	4,398.00	15,000.00	19,398.00
Debt collection commission	430,355.29	0.00	430,355.29
IT system costs	5,374.85	138,113.00	143,487.85
Rent & rates	29,092.99	32,000.00	61,092.99
Tax	0.00	5,000.00	5,000.00
Heat & light	0.00	26,000.00	26,000.00
Other stat and admin (inc insurance)	112.00	17,888.00	18,000.00
Mail re-direction	0.00	1,000.00	1,000.00
Bank charges	0.00	2,000.00	2,000.00
Wages & salaries	(9.62)	0.00	(9.62)
TOTAL	472,284.18	243,143.00	715,427.18

Note: certain of the costs incurred but not yet paid relate to the prior period, 31 January to 30 July 2019.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Jack Gillespie at KPMG LLP, 319 St Vincent Street, Glasgow, G2 5AS.

Appendix 4 Joint Administrators' revised fees estimate

Estimated time costs	Total original estimated time costs for the engagement			Amendments to estimated time costs for the engagement			Total revised estimated time costs for the engagement		
	Notes	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)	Estimated total hours	Estimated time cost (£)	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
Administration & Planning									
Directors	1	20.70	9,087.00	438.99	(7.80)	(4,138.00)	12.90	4,949.00	383.64
Cashiering	1	95.00	31,300.00	329.47	(19.70)	(5,847.50)	75.30	25,452.50	338.01
General - books & records etc		71.25	28,255.00	396.56	0.10	252.25	71.35	28,507.25	399.54
Statutory and compliance	2	233.10	104,183.50	446.95	119.60	61,484.10	352.70	165,667.60	469.71
Tax	3	78.80	30,315.50	384.71	44.50	16,903.50	123.30	47,219.00	382.96
Creditors									
Creditors and claims	4	290.10	104,067.50	358.73	226.90	81,462.20	517.00	185,529.70	358.86
Employees	5	84.10	28,531.00	339.25	32.75	12,156.25	116.85	40,687.25	348.20
Investigations									
Directors	1	40.80	18,036.50	442.07	(2.20)	(1,468.00)	38.60	16,568.50	429.24
Investigations	1	23.20	8,690.00	374.57	(7.50)	(3,905.60)	15.70	4,784.40	304.74
Realisation of Assets									
Asset Realisation	6	1,119.40	488,629.00	436.51	197.00	100,436.15	1,316.40	589,065.15	447.48
Trading		146.20	60,372.50	412.94	1.60	(1,388.50)	147.80	59,004.00	399.22
Total		2,202.65	911,467.50	413.80	585.25	255,966.65	2,787.90	1,167,434.35	418.75

Note 1 – Directors, Cashiering and Investigations

Less time has been spent on these workstreams, which are now largely complete, than initially anticipated. Accordingly, we have reduced the hours attributable to these workstreams.

Note 2 – Statutory and compliance

The increase in hours largely reflects the reporting agreed with the secured lenders together with the costs associated with the anticipated extension of the administration, which we now expect is likely to be required following the prolonged debt recovery process

Note 3 - Tax

The increase in tax related hours reflects the extension of the debt collection process and hence the greater VAT accounting responsibilities, together with a recent change in the VAT rules in relation to utility supply companies which requires to be addressed.

Note 4 – Creditors and claims

The administration has generated significant attention from and interaction with creditors, beyond that initially anticipated requiring the incurrence of additional time. We have also included provision for the adjudication of secured, preferential and unsecured creditor claims in anticipation of facilitating distributions/dividends to these creditors.

Note 5 - Employees

Dealing with the Company's 68 employees and the Redundancy Payments Office ("RPO") has required additional time.

Note 6 – Asset realisations

Additional time and effort has been invested in the debt collection process, with the DCA with UEL extended from 30 June 2019 to 31 March 2020. This has resulted in higher than anticipated debtor recoveries, which have now reached c.£3.08 million (as noted above). This has necessitated the incurrence of higher than anticipated time on the debt collection process.

In the event that additional work is necessary due to a change in the circumstances of the administration we may need to increase our fees estimate and request approval to draw additional remuneration.

Appendix 5 Joint Administrators' revised expenses estimate

This is a revised high-level estimate of expenses, which is subject to change as the administration progresses.

All figures are exclusive of VAT.

Estimate of Expenses from appointment					
Total for Administration					
Expenses (£)	Narrative	Per 1 st progress report (£)	Paid to date (£)	Future costs (£)	Total (£)
Cost of realisations					
Payroll Bureau costs	(i)	1,000.00	858.05	NIL	858.05
Mail redirection	(i)	1,000.00	NIL	1,000.00	1,000.00
Other stat and admin	(i)	16,000.00	277.92	4,722.08	5,000.00
Administrators' expenses	(i)	7,000.00	NIL	7,000.00	7,000.00
Pre administration costs	(i)	41,000.00	NIL	41,000.00	41,000.00
Agents'/Valuers' fees	(ii)	5,000.00	6,235.67	7,000.00	13,235.67
Sub contractors	(i)	11,000.00	10,551.36	NIL	10,551.36
Legal fees	(i)	59,000.00	24,741.00	34,259.00	59,000.00
Debt collection commission	(iii)	691,000.00	960,306.53	90,000.00	1,050,306.53
Tax	(i)	10,000.00	NIL	5,000.00	5,000.00
IT system costs	(ii)	317,000.00	200,816.06	138,000.00	338,816.06
Heat & light	(ii)	24,000.00	NIL	26,000.00	26,000.00
Storage costs	(i)	10,000.00	385.20	4,614.80	5,000.00
Statutory advertising	(i)	1,000.00	73.00	927.00	1,000.00
Rent & Rates	(ii)	31,000.00	29,092.99	32,000.00	61,092.99
Insurance of assets	(i)	10,000.00	1,792.00	8,208.00	10,000.00
Wages & salaries	(i)	41,000.00	40,650.01	NIL	40,650.01
PAYE & NIC	(i)	2,667.04	2,667.04	NIL	2,667.04
Bank charges	(i)	2,000.00	140.00	1,860.00	2,000.00
TOTAL		1,282,667.04	1,278,586.80	401,590.88	1,680,177.60

(i) These costs remain materially in line with or are less than our previous estimates

-
- (ii) These costs relate entirely to the UEL debt collection arrangement. The costs have exceeded expectations as a result of debtor recoverability being significantly higher than initially expected and due to extending the period over which the debtors are being pursued by UEL (i.e. infrastructure costs have also increased). Refer to section 2.2 for further details

Appendix 6 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

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

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees>

If you are unable to access this guide and would like a copy, please contact Jack Gillespie on 0141 300 5712.

Hourly rates

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

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

Table of charge-out rates

Charge-out rates (£) for: Our Power Energy Supply Limited – in Administration		
Grade	From 01 Jan 2019 £/hr	From 01 Jan 2020 £/hr
Partner	655	690
Director	590	620
Senior Manager	535	560
Manager	445	467
Senior Administrator	310	325
Administrator	225	236
Support	140	147

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any disbursements during the period 31 July 2019 to 30 January 2020.

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 31 July 2019 to 30 January 2020

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ obtaining approval from the secured and preferential creditors of a 12-month extension of the administration; ■ preparation of regular/monthly estimated outcome statements; ■ corresponding with the directors and addressing their queries regarding the administration.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding various matters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of secured creditors regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices and receipts; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance; ■ discussing the Company's VAT accounting with HMRC; ■ dealing with HMRC requests in relation to VAT; and ■ preparing and submitting VAT returns.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ drawing remuneration in accordance with the basis which has been approved by the secured and preferential creditors; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ negotiation and the continuing maintenance of the debt collection arrangement with UEL; ■ extending the DCA, latterly to 31 March 2020; ■ having regular calls with UEL regarding the ongoing debt collection progress; ■ reviewing outstanding debtors and management of debt collection strategy; ■ liaising with UEL credit control staff and communicating with debtors; ■ closely monitoring UEL's credit control process and providing assistance where required; ■ dealing directly with Company debtors to resolve any issues and ingather sums due where necessary; ■ performing financial analysis on UEL's debtors ledger to track progress and suggest areas of improvement; ■ performing checks on the accuracy of the data provided by UEL; ■ seeking legal advice in relation to book debt collections; ■ considering options in recovering debtors including the sale to UEL; ■ ongoing discussions with UEL in relation to the debtors sale; ■ obtaining copies of all final bills issued to customers; ■ liaising with members re payment of their debts; ■ arranging for corrected bills to be issued by UEL to members; ■ reviewing collateral and cash cover and liaising with counterparties re repayment; and

	<ul style="list-style-type: none"> ■ liaising with GMG re the sale of the physical owned assets of value.
Property matters	<ul style="list-style-type: none"> ■ communicating with the landlord of the retained unit regarding rent, property occupation and other issues; ■ arranging to pay rental and other sums due to the landlord.
Health and safety	<ul style="list-style-type: none"> ■ liaising with IT and infrastructure providers to use their services; ■ making payment of invoices received; ■ recharging the costs to UEL.
Open cover insurance	<ul style="list-style-type: none"> ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums and making payment thereof
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ communicating and corresponding with Redundancy Payment Office; ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; ■ managing claims from employees.
Pensions	<ul style="list-style-type: none"> ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries; ■ liaising with the pension provider and the Redundancy Payments Office re the claim for arrears of pension contributions.
Creditors and claims	<ul style="list-style-type: none"> ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ adjudicating upon the secured creditors claim; ■ adjudicating upon the preferential creditors' claims; ■ liaising with HMRC re their pre-appointment claim for PAYE/NIC; ■ drafting and issuing our first progress report together with seeking resolutions from the secured and preferential creditors; and ■ drafting and issuing our second progress report.
Investigations/ directors	<ul style="list-style-type: none"> ■ dealing with re-directed mail and "addressee gone away" correspondence.

Time costs

SIP 9 – Time costs analysis (31/07/2019 to 30/01/2020)							
	Hours				Time Cost (£)	Average Hourly Rate (£)	
	Partner / Director	Manager	Administrator	Support			Total
Administration & planning							
Bankrupt/Director/Member							
General correspondence		0.20	5.00		5.20	1,657.00	318.65
Cashiering							
General (Cashiering)		3.40	1.70		5.10	2,101.00	411.96
Reconciliations (& IPS accounting reviews)			2.30		2.30	714.50	310.65
General							
Books and records		0.50	0.90		1.40	480.00	342.86
Fees and WIP		5.60	3.40		9.00	4,088.75	454.31
Statutory and compliance							
Appointment and related formalities	5.20	1.20		0.30	6.70	3,824.00	570.75
Budgets & Estimated outcome statements		8.00			8.00	4,325.00	540.63
Checklist & reviews		1.30	1.50		2.80	1,184.10	422.89
Extension related formalities		0.60	11.00		11.60	3,731.00	321.64
Reports to debenture holders	6.90	14.50			21.40	11,870.50	554.70
Strategy documents	8.10	1.20	15.00		24.30	8,846.00	364.03
Tax							
Post appointment corporation tax		0.90	4.50		5.40	1,764.00	326.67
Post appointment VAT		2.10	6.90		9.00	3,237.00	359.67
Creditors							
Creditors and claims							
Agreement of preferential claims		0.50	1.70		2.20	691.00	314.09
Agreement of unsecured claims		0.20			0.20	112.00	560.00
General correspondence		1.30	32.90		34.20	10,021.00	293.01
Pre-appointment VAT / PAYE / CT	1.00	0.80			1.80	1,018.00	565.56
Secured creditors		4.70			4.70	2,574.50	547.77
Statutory reports	3.40	5.00	49.70		58.10	16,516.00	284.27
Employees							

SIP 9 – Time costs analysis (31/07/2019 to 30/01/2020)							
	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support			
Correspondence			7.10		7.10	2,155.50	303.59
DTI redundancy payments service			0.10		0.10	31.00	310.00
Pension funds			2.90		2.90	938.00	323.45
Pensions reviews			0.60		0.60	186.00	310.00
Investigation							
Investigations							
Mail redirection			3.60		3.60	819.90	227.75
Realisation of assets							
Asset Realisation							
Debtors	20.70	106.90	88.70		216.30	90,428.80	418.07
Insurance		0.30	0.50		0.80	273.00	341.25
Leasehold property		0.20			0.20	112.00	560.00
Rent			0.60		0.60	155.00	258.33
Sale of business			3.50		3.50	1,085.00	310.00
Purchases		3.20	2.00		5.20	2,162.00	415.77
Total in period	45.30	162.60	246.10	0.30	454.30	177,101.55	389.83
Brought forward time (appointment date to SIP 9 period start date)					1,276.75	541,705.75	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)					454.30	177,101.55	
Carry forward time (appointment date to SIP 9 period end date)					1,731.05	718,807.30	

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

All time shown in the above analysis is charged in units of six minutes.

Appendix 7 Glossary

Company	Our Power Energy Supply Limited - in Administration
The Society	Our Power Community Benefit Society Limited – in Administration
Joint Administrators/we/our/us	Alistair McAlinden and Blair Nimmo
KPMG	KPMG LLP
UEL	Utilita Energy Limited
SOLR	Supplier of Last Resort
DCA	The Debt Collection Agreement
GMG	GMG Asset Valuation Limited

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

Appendix 8 Notice: About this report

This report has been prepared by Alistair McAlinden and Blair Nimmo, the Joint Administrators of Our Power Energy Supply Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress 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 report 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 report 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 report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its 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 this report to any such person.

Alistair McAlinden and Blair Carnegie Nimmo are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

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