

LIQ03

Notice of progress report in voluntary winding up



Companies House

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1 Company details

Company number 0 9 1 7 4 7 9 4

Company name in full Avro Energy Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Michael

Surname Denny

3 Liquidator's address

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

4 Liquidator's name ①

Full forename(s) Paul

Surname Berkovi

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W


Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report															
From date	^d	3	^d	0	^m	0	^m	9	^y	2	^y	0	^y	2	^y	2
To date	^d	2	^d	9	^m	0	^m	9	^y	2	^y	0	^y	2	^y	3
7	Progress report															
<input checked="" type="checkbox"/> The progress report is attached																
8	Sign and date															
Liquidator's signature	<div>Signature</div> <div>  </div>															
Signature date	^d	2	^d	4	^m	1	^m	1	^y	2	^y	0	^y	2	^y	3

**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 **Harry Chapman**

Company name **Alvarez & Marsal Europe LLP**

Address **Suite 3 Regency House**

91 Western Road

Post town **Brighton**

County/Region

Postcode **B N 1 2 N W**

Country

DX

Telephone **+44 (0) 20 7715 5200**

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

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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

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Continuation page

Name and address of insolvency practitioner

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

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Mark

Surname

Firmin

3 Insolvency practitioner's address

Building name/number

Suite 3 Regency House

Street

91 Western Road

Post town

Brighton

County/Region

Postcode

B N 1 2 N W

Country

AVRO ENERGY LIMITED IN LIQUIDATION

Joint Liquidators' first progress report

For the period from 30 September 2022 to 29 September 2023

24 November 2023

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1 Executive summary

- Mike Denny, Paul Berkovi and Mark Firmin (“we”/“our”/“us”) of Alvarez & Marsal Europe LLP (“A&M”) were appointed as Joint Liquidators of the Company on 30 September 2022 following a previous administration appointment.
- This progress report covers the period from the date of our appointment as Joint Liquidators to 29 September 2023 (“the Reporting Period”).
- During the period following our appointment as Joint Liquidators, we have: fulfilled our statutory obligations including notifying relevant parties of the liquidation; uploaded the final administration report to the Portal along with all other relevant documents and notices; opened liquidation bank accounts and transferred the administration surplus into them; continued to realise the customer debtor book of closed customer accounts; liaised with the Company’s pre-appointment debt collection agents to obtain cash it held; continued our ongoing review of the affairs of the Company to determine if actions can be taken against third parties to increase the recoveries for creditors; disclaimed an onerous lease in respect of the Company’s offices; attended the hearing for the court directions application; continued to finalise and pay any outstanding expenses; and, continued to finalise the outstanding VAT and tax returns. (Section 2 - Strategy and progress of the liquidation to date).
- We are not aware of any secured claims against the Company (Section 3 – Dividend prospects).
- We are not aware of any ordinary preferential claims against the Company. We note that HM Revenue & Customs (“HMRC”) had outstanding liabilities at the date of our administration appointment, certain of which would rank as secondary preferential claims. We are aware that HMRC intends to offset any pre-appointment liability, in full, against the pre-appointment VAT refund due to the Company. After offset of this claim, we do not consider that HMRC will be a secondary preferential creditor (Section 3 – Dividend prospects).
- Based on current estimates we anticipate that unsecured creditors will receive a dividend. We have yet to determine the amount and timing of this due to uncertainty regarding the quantum of claims and ongoing asset realisations (Section 3 – Dividend prospects).
- The basis of remuneration approved in the administration was on a time costs basis and such approval is carried forward to the liquidation. Creditors approved our fee estimate for the liquidation on 10 July 2023 (Section 4 - Joint Liquidators’ remuneration and category 2 expenses).
- Please note that you should read this report in conjunction with any previous correspondence sent to the Company’s creditors. All such correspondence is available on the Portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Mike Denny
Joint Liquidator

2 Strategy and progress of the liquidation to date

This section updates you on our strategy for the liquidation and on our progress to date. It follows the information provided in our initial report to creditors.

2.1 Strategy and progress to date

We were appointed as Joint Liquidators of the Company on 30 September 2022. This follows our previous appointment as Joint Administrators of the Company on 29 September 2021.

During the period since our appointment as Joint Liquidators, we have completed and concluded on the following matters:

- Fulfilled our statutory obligations, which has included notifying the relevant parties of the liquidation appointment;
- uploaded the final administration report to the Portal along with all other relevant documents and notices;
- opened liquidation bank accounts and transferred the administration surplus, and any third-party monies received during the administration, into them;
- disclaimed an onerous lease in respect of the Company's offices;
- attended the hearing for the court directions application; and
- finalised and paid outstanding expenses relating to the administration period.

In addition to the above, we have continued to progress various matters which have been transferred from the administration, during the Reporting Period. Our work remains ongoing with these various matters. A summary of the most significant ongoing matters includes the following:

2.1.1 Realisation of remaining assets

Closed customer ledger

As detailed in our final administration progress report, we are continuing to pursue the closed customer debtor ledger with the assistance of our appointed collections agent, Credit Style Limited ("Credit Style").

During the Reporting Period, we have worked closely with Credit Style to realise balances which are still outstanding on the closed customer ledger, whilst also ensuring that customers are treated fairly as part of the debt collection process. We have collected £232,336 during the Reporting Period with the assistance of Credit Style, and £2,110 has been collected directly by the Joint Liquidators.

Our work regarding the closed customer debtor ledger remains ongoing and continues to generate realisations into the liquidation estate, however the majority of collections have now been completed.

Together with our legal advisors, we also realised £37,721 from the Company's pre-appointment debt collection agent during the Reporting Period. This balance relates to customer collections which were received directly by the third-party agent. We sought legal advice on the matter as the third-party agent disputed the balance that was owed. In the circumstances, we are satisfied that the realised amount represents the best outcome for the

Company's creditors, and it is significantly greater than the amount initially offered by the third-party agent.

Live customer ledger

As detailed in our final administration progress report, as part of the Debt Assignment Agreement (whereby the live customer debtor ledger was assigned to Octopus Energy Limited ("Octopus") on 26 November 2021), we were required to carry out a final quarterly reconciliation calculation, together with Octopus, to determine if further monies were due in respect of the consideration price. This calculation was completed during the Reporting Period, and it was concluded that no further consideration was due for this period in respect of the Debt Assignment Agreement.

We continue to work with Octopus to complete final reconciliations of customer collections, and to ensure that funds have been received by the appropriate party dependent on whether they relate to live or closed customer balances.

We do not anticipate that there will be any further material live customer debtor realisations during the liquidation.

Cash collateral and prepayments

We have also continued our work to realise the outstanding balances relating to prepaid goods and services prior to the Company's insolvency. We have realised a total of £849,947 during the Reporting Period in this regard. We do not anticipate that there will be any further material realisations regarding pre-paid balances during the liquidation.

As detailed in our final administration progress report, the Company's pre-appointment merchant acquirer held cash collateral of £1.14 million of Company monies. £940,000 of this balance has been realised. We continue to liaise with the merchant acquirer, and Octopus, to realise the residual balance. We anticipate that this will be received shortly.

Investigations

As detailed previously, we have continued to investigate certain transactions that were identified in the administration and are taking the relevant steps to seek recoveries for the benefit of the Company's creditors.

Alongside our legal advisors, we have continued to progress our investigations (and associated actions) to maximise recoveries available for creditors. Our investigation work remains ongoing, active and confidential.

So as not to prejudice matters, the Joint Liquidators are unable to comment further at this stage on the specifics of the next steps but will comment further either at the next annual progress report or beforehand, if necessary, noting the public interest in the matter.

Adjudication of claims from creditors

We are currently reviewing claims received from unsecured creditors and seeking to adjudicate these where appropriate supporting information has been received.

Unsecured creditors of the Company are invited to submit claims, and relevant supporting documents, via the Portal.

Customer communications

During the Reporting Period we have continued to review and update our customer communications plan to ensure that customer enquiries are being dealt with in a timely and appropriate manner, whilst minimising costs.

We continue to resolve relevant customer enquiries directly, and refer customers to Ofgem and Octopus guidance, where appropriate.

Further details on the work completed in the prior administration and our proposed strategy for the liquidation are also provided in the Joint Administrators' final progress report, a copy of which is available to view on the Company's administration portal.

Tax and VAT

As detailed in our final administration progress report, the Company's VAT accounting position is complex.

Our VAT and tax specialists have worked closely with the Octopus and HMRC representatives to ensure that an appropriate VAT strategy is implemented for the liquidation. We continue to work with these parties to ensure that VAT has been accounted for correctly on the Company's ongoing and historical VAT returns. This work includes ensuring that any VAT reclaims are realised for the benefit of creditors.

Our work remains ongoing in this matter.

Court directions hearing

As detailed in our previous progress reports, there were a number of potential creditor claims or contingent creditor claims that could have been lodged in the administration estate.

Due to the potential level of claims and, if admitted, the impact on the return to unsecured creditors, we sought guidance on these claims by way of a directions application.

The directions application was heard during the Reporting Period and has provided clarity on the claims that can be submitted into the estate.

As part of the hearing, a costs order was made against the Company (and other applicants) for certain legal advisers' fees. This included the legal fees of Freshfields Bruckhaus Deringer LLP ("Freshfields") detailed in Appendix 3 Expenses.

Please refer to our previous progress reports in the administration for further information in relation to the directions application.

2.2 Asset realisations

Realisations during the Reporting 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.

2.2.1 Balance transferred from the administration

Cash balances totalling £39,951,576 were held by the Joint Administrators at the conclusion of the administration. These amounts have been transferred to the liquidations account under our control.

2.2.2 Book debts

Book debts of £1,120,981 have been realised during the Reporting Period. £849,947 of this relates to prepayments recovered from pre-appointment suppliers. £271,033 relates to closed customer debtor balances which have been collected with the assistance of our appointed agent Credit Style.

2.2.3 Bank interest

Bank interest of £1,194,713 has been realised in the Reporting Period.

2.2.4 Investigations

As stated in the Joint Administrators' final progress report, we have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business and Trade and no further submissions are required during the liquidation. The contents of our submission are confidential.

We have identified several actions which may be taken against third parties to increase recoveries for creditors, and we are progressing these actions. So as not to prejudice matters, we are unable to provide further details at this stage.

Our investigations work remains ongoing, active and confidential and we will provide creditors with an update on relevant matters, as appropriate, in due course.

2.3 Expenses

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

Disbursements are payments which are first met by A&M, and then reimbursed to A&M from the estate. For further detail in relation to our disbursements please refer to our charging policy (Appendix 4).

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

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

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

2.3.1 Payments

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

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

Joint Administrators' fees and expenses

During the Reporting Period, we have drawn the following fees and disbursements in relation to the preceding administration, in accordance with the approvals obtained from creditors:

- Administrators' fees of £412,155; and
- Administrators' disbursements of £518.

Joint Liquidators' fees and expenses

During the Reporting Period, we have drawn the following fees and disbursements, in accordance with the approvals obtained from creditors:

- Liquidators' fees of £1,377,672; and
- Liquidators' expenses of £3,952.

Further details of our remuneration and provided in section 5 of this report.

Debt Collection Agency commission

Debt Collection Agency commission totalling £32,646 has been paid to Credit Style in respect of commission, agreed as a set percentage of realisations.

In addition to commission, Credit Style has been paid £579 of disbursements during the Reporting Period. This predominantly relates to letter fees to facilitate the collection of customer debts.

Contractor costs

Contractor costs totalling £18,872 have been paid in the Reporting Period. Of this amount, £17,138 has been paid to Red Fish Systems Limited ("Red Fish") relating to services provided in respect of customer data. This data been required to fulfil our ongoing debt collection and VAT accounting obligations and ensure realisations are maximised for creditors.

Legal fees and disbursements

During the Reporting Period, post appointment legal fees and disbursements totalling £529,681 have been paid. This includes the following:

Osborne Clarke LLP ("Osborne Clarke")

The sum of £166,632 (including disbursements) has been paid to Osborne Clarke during the Reporting Period predominately in relation to ongoing confidential asset recovery matters.

DWF LLP ("DWF")

The sum of £12,454 (including disbursements) has been paid to DWF during the Reporting Period for ad-hoc legal advice.

Womble Bond Dickson (UK) LLP ("WBD")

The sum of £227,542 (including disbursements) has been paid to WBD during the Reporting Period, in relation to the direction hearing costs.

Freshfields Bruckhaus Deringer LLP ("Freshfields")

The sum of £75,374 (including disbursements) has been paid to Freshfields during the Reporting Period in relation to the direction hearing costs. The Company was instructed to pay these costs by the UK Court.

Ofgem

The sum of £47,679 has been paid to Ofgem during the Reporting Period in relation to direction hearing costs. The Company was instructed to pay these costs by the UK Court.

2.3.2 Professional advisers and sub-contractors

Details of advisors and subcontractors we have engaged during the Reporting Period are provided below.

Legal advisors

Osborne Clarke has been engaged to provide legal advice and assistance in respect of the treatment of the pre-administration customer receipts and also in relation to further ongoing confidential asset recovery matters. Osborne Clarke is engaged on a time cost basis and has been selected for continuity from the administration, detailed knowledge of the situation and expert knowledge in insolvency matters. So as not to prejudice matters, we are unable to provide further details of this work at present.

DWF has been engaged to provide ad-hoc legal advice during the liquidation. DWF is engaged on a time cost basis and has been selected for continuity from the administration, detailed knowledge of the situation and expert knowledge in insolvency matters.

WBD has been engaged to provide legal advice in relation to the direction hearing costs (see Joint Administrators' progress report dated 21 September 2022 Section 5 for further detail). We do not anticipate there will be any further legal costs incurred regarding this matter.

Subcontractors

Red Fish has been engaged on a fixed fee basis to provide reports and analysis in relation to the Company's customer data which we require for the collection of book debts.

Credit Style has been engaged to collect the Company's closed debtor book paid on a contingent, fixed fee basis, which is calculated as a percentage of collections.

Clumber Consultancy Limited ("Clumber") has been engaged to continue to provide employee support services to the Company on a fixed fee basis.

2.4 Schedule of expenses

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

Summaries of the most significant expenses which have been incurred in the Reporting Period but have not yet been paid are provided below.

Legal fees and disbursements – Osborne Clarke

Osborne Clarke has incurred time costs totalling £24,312 and disbursements of £10,400 that have not yet been paid. These costs relate to legal advice and counsel fees incurred during the Reporting Period. These costs will be settled in due course.

3 Dividend prospects

3.1 Secured creditors

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

3.2 Preferential creditors

The ordinary preferential creditors were paid in full during the administration. Accordingly, we are not aware of any outstanding ordinary preferential claims against the Company.

In addition, certain HMRC claims rank as secondary preferential claims.

Following the filing of the Company's outstanding pre-appointment VAT return, we understand that HMRC intends to offset any pre-appointment liability owed to it against the VAT repayment position. Therefore, we do not consider that HMRC will be a secondary preferential creditor of the Company, after this offset.

We are currently working with HMRC to finalise this offset as part of our ongoing VAT strategy work.

3.3 Unsecured creditors

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

Subject to the time required to complete our final realisations, we may pay an interim dividend to unsecured creditors.

We are currently reviewing claims received from unsecured creditors and seeking to adjudicate these where appropriate supporting information has been received.

Unsecured creditors of the Company are invited to submit claims, and relevant supporting documents, via the Portal.

4 Joint Liquidators' remuneration, category 2 expenses

4.1 Joint Liquidators' remuneration and category 2 expenses

Creditors have provided approval that:

- A liquidation committee will not be established; and
- Our remuneration will be drawn on the basis of time properly given to us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided to creditors.

4.1.1 Time costs

From the date of our appointment to 29 September 2023, we have incurred time costs of £1,421,591. These represent 1,908 hours at an average rate of £745 per hour.

4.1.2 Remuneration

During the Reporting Period we have drawn remuneration of £1,377,672.

4.1.3 Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by A&M for the Reporting Period from our appointment to 29 September 2023. We have also attached our charging policy.

Fees estimate

We anticipate that during the liquidation we may exceed our fees estimate of £1,998,563, given the ongoing nature of our investigations and VAT recovery workstreams. We anticipate each of these areas delivering realisations significantly in excess of any additional cost expended, which will be for the benefit of creditors.

At this stage in the liquidation, we are not seeking to draw remuneration in excess of the approved amount of £1,998,563.

Should we wish to seek approval to draw remuneration in excess of £1,998,563, we will ensure that the requisite disclosures are made to the relevant creditors and that the requisite approvals are obtained.

5 Future strategy

5.1 Future conduct of the liquidation

Our future conduct in relation to the liquidation will include, but not be limited to:

The outstanding matters that will be completed during the CVL include, but are not limited to:

- continuing to pursue the closed customer debtor ledger with the assistance of Credit Style;
- continuing to progress claims brought to realise assets for the benefit of the Company's creditors;
- liaising with the Company's pre-appointment merchant acquirer to facilitate the release of residual cash collateral held by it;
- liaising with Octopus to complete final live debtor collection reconciliations;
- respond to customer communications and enquiries in a timely and appropriate manner, whilst minimising costs;
- agreeing the claims of unsecured creditors and paying a dividend to the relevant unsecured creditors once all remaining assets have been realised and the associated costs have been paid;
- arranging payment of outstanding and ongoing costs and expenses;
- liaising with Octopus and HMRC to resolve all VAT and tax related matters; and
- submitting VAT and tax returns and seeking necessary clearances prior to closure.

5.2 Future reporting

We will provide a further progress report within two months of 29 September 2024 or earlier if all matters in the liquidation have been concluded prior to that time.

Appendix 1 – Statutory information

Company information

Company name	Avro Energy Limited
Date of incorporation	14 August 2014
Company registration number	09174794
Present registered office	Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW
Previous registered office	Unit 8 the Courtyard Goldsmith Way Eliot Business Park Nuneaton Warwickshire CV10 7RJ
Trading address	Wheatfield House, Wheatfield Way, Hinckley LE10 1YG
Nature of business	Wholesale of other fuels and related products

Liquidation information

Appointment	Pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986
Date of appointment	30 September 2022
Joint Liquidators	Mike Denny, Paul Berkovi & Mark Firmin
Joint Liquidators' contact details	Address: Suite 3, Regency House, 91 Western Road, Brighton BN1 2NW Tel: +44 (0) 20 7715 5223 Email: INS-AVROEL@alvarezandmarsal.com
Functions	The functions of the Joint Liquidators are being exercised by them individually or together in accordance with Section 231(2) of the Insolvency Act 1986

Appendix 2 – Receipts and payments account

Avro Energy Limited (In Liquidation) Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 30/09/2022 To 29/09/2023 £	From 30/09/2022 To 29/09/2023 £
ASSET REALISATIONS		
Book Debts	1,120,980.64	1,120,980.64
Funds from Administration	39,951,575.97	39,951,575.97
Insurance Refund	387.28	387.28
	<u>41,072,943.89</u>	<u>41,072,943.89</u>
OTHER REALISATIONS		
Bank Interest	1,194,713.44	1,194,713.44
DCA commission refund	6,419.67	6,419.67
Third Party Monies Received	51.87	51.87
	<u>1,201,184.98</u>	<u>1,201,184.98</u>
COST OF REALISATIONS		
Administrators' Disbursements	517.60	517.60
Administrators' Fees	412,155.00	412,155.00
Agents/Valuers Fees/Disbursements	1,200.00	1,200.00
Bank Charges	93.16	93.16
Contractor Costs	18,872.05	18,872.05
Debt Collection Agency	33,224.75	33,224.75
Insurance of Assets	508.48	508.48
Legal Fees/Disbursements	529,681.04	529,681.04
Liquidators' Expenses	3,952.20	3,952.20
Liquidators' Fees	1,377,672.10	1,377,672.10
Repayment of Third Party Monies Rec'	51.87	51.87
Storage Costs	376.92	376.92
	<u>(2,378,305.17)</u>	<u>(2,378,305.17)</u>
	<u>39,895,823.70</u>	<u>39,895,823.70</u>
REPRESENTED BY		
Floating Charge Current		7,495,537.33
Floating VAT Payable		(8,714.69)
Floating VAT Receivable		449,607.14
Lloyds Current Account		7,617,892.68
NatWest Current Account		7,566,275.38
Ringfenced Merchant Services Funds		9,208,993.31
Santander Corporate Bonus Account		7,566,232.55
		<u>39,895,823.70</u>

- Statement of Affairs ("SOA") figures have not been included above since all assets were realised in the Company's preceding administration. The majority of the receipts above represent funds passed into the liquidation from the administration, and as such, a meaningful comparison to the original SOA by category cannot be made.
- All funds are held in interest bearing accounts.
- Over the Reporting Period, a total of £1,194,713 was received in bank interest.

Appendix 3 – Schedule of expenses

A3.1 Schedule of expenses

Schedule of expenses for the period from 30 September 2022 to 29 September 2023

Category	Incurred in the period (£)
Agent's fees and disbursements	34,425
Legal fees and disbursements	564,393
Bank charges and payment processing costs	93
Insurance	508
Contractor costs	18,872
Storage costs	408
Joint Liquidators' disbursements	3,952
Total	622,652

A3.2 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 Harry Chapman at Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW.

Appendix 4 – Charging policy

Joint *Liquidators*' charging policy

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

Our policy is to delegate tasks in the liquidation 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 "Liquidation: A Guide for Creditors on Insolvency Practitioner Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available via the Portal.

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

Hourly rates

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

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

Charge-out rates (£/hour) for: Restructuring	
From 30	
Grade	September 2022
Managing Director	1,150
Senior Director	1,030
Director	950
Associate Director	760
Senior Associate	655
Associate	495
Analyst	280
Support	210

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. 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 office holders will seek to recover disbursements falling into both category 1 and category 2 expenses from the estate. For the avoidance of doubt, such disbursements are defined within SIP 9 as payments which are first met by the office holder, and then reimbursed to the office holder from the estate. These are divided in SIP 9 as follows:

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

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

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

Disbursements falling within category 2 expenses are to be approved in the same manner as our remuneration.

Disbursements falling within category 1 expenses:

Nature of disbursement	Amounts incurred in the period (£)	Amounts paid in the period (£)
Software services	4,113	3,627
Postage services	223	222
Statutory advertising	104	104
Total	4,439	3,952

Disbursements falling within category 2 expenses:

We have not incurred any category 2 expenses within the period.

Our time cost summary in accordance with SIP 9

Please refer to the tables below for a detailed breakdown and narrative of our time costs to 29 September 2023 in accordance with SIP 9.

Classification of work function	Total hours	Total time cost (£)	Average hourly rate (£)
Engagement control	152.4	127,718	838
Appointment and risk	65.2	45,893	704
Reports, decision making and remuneration	90.8	59,243	652
Correspondence and statutory filing	71.5	44,714	625
Investigations	463.8	430,391	928
Asset realisations	421.5	278,455	661
Costs of realisation	27.8	19,888	715
Tax	280.1	188,675	674
Cashiering and treasury management	152.7	100,759	660
Employees and pensions	4.0	2,620	655
Claims and distributions	177.4	122,706	692
Exit routes and closure	0.7	532	760
Total	1,907.7	1,421,591	745

SIP 9 narrative for the period from 30 September 2022 to 29 September 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Engagement control	<ul style="list-style-type: none"> Formulating, monitoring, and reviewing the liquidation strategy Briefing our staff on the liquidation strategy and matters in relation to various workstreams Regular case management and reviewing of process, 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 liquidation Allocating and managing staff/case resourcing and budgeting exercises and reviews Liaising with legal advisers regarding the various instructions, including agreeing content of engagement letters Complying with internal filing and information recording practices, including documenting strategy decisions 	<p>To ensure appropriate oversight, decision making and control of the liquidation.</p> <p>This will help to progress the case efficiently, maximising asset realisations and minimising costs.</p>	<p>Maximising asset realisations and minimising costs may increase the amount available for distribution to creditors.</p>
Appointment & risk	<ul style="list-style-type: none"> Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place Liaising with our legal advisers and GDPR and data specialists to ensure an appropriate control environment is operated by the Company including the implementation of any improvements required Ongoing consultation with our internal risk team on the high volume of Data Protection Act and GDPR matters, in relation to the Company's large customer base Ensuring all complaints against the Company are reviewed and resolved appropriately and in a timely manner Ongoing consultation and review of various matters with our internal risk and compliance team regarding the liquidation strategy 	<p>To protect Company assets.</p> <p>To comply with our statutory duties.</p>	<p>Protecting Company assets may preserve their value and preserve the amount available for distribution to creditors.</p>

SIP 9 narrative for the period from 30 September 2022 to 29 September 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Reports, decision making & remuneration	<ul style="list-style-type: none"> Ensuring compliance with all statutory obligations within the relevant timescales Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 Preparing the fees estimate Preparing the expenses estimate Preparing and publishing our liquidation progress reports Preparing for the creditors' decision relating to the liquidation fees estimate 	To comply with statutory duties.	No direct financial benefit.
Correspondence & statutory filing	<ul style="list-style-type: none"> Uploading information to the Portal Providing initial statutory notifications of our appointment and ongoing matters to the Registrar of Companies, creditors and other stakeholders and advertising our appointment Dealing with creditor queries Liaising with regulatory bodies to provide regular updates on the progress of the liquidation Dealing with customers queries ensuring they are directed to the correct third party Dealing with other stakeholders' queries 	<p>To comply with statutory duties.</p> <p>To keep creditors apprised of the strategy and progress of the liquidation.</p>	No direct financial benefit.
Investigations	<ul style="list-style-type: none"> Ongoing review and analysis of Company books and records for relevant information Requesting information from stakeholders who have raised any matters that need to be considered for further investigation Arranging ongoing storage of documents Liaising with regulatory bodies to understand any concerns they may have raised or matters that need to be considered for further investigation Continue to liaise with third parties who may have been beneficiaries of company funds to ascertain the position and take legal action if appropriate. 	To comply with statutory requirements and to pursue any potential asset recoveries for the estate.	Maximising asset realisations which may increase the dividend prospects for the Company's creditors

SIP 9 narrative for the period from 30 September 2022 to 29 September 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
	<ul style="list-style-type: none"> ▪ Liaise with our legal advisors regarding investigations, and recovery of assets from investigations. Continue to investigate additional claims which the Company may have. ▪ Review any information provided by third parties against the Company's books and records. So as not to prejudice our position, we are unable to provide further details in respect of this work, at present. Further details will be provided to creditors in our future reports. 		
Asset realisations	<ul style="list-style-type: none"> ▪ Transfer of the Company's administration surplus to the liquidation account ▪ Liaising with Octopus regarding the assignment of live customer debtors, and completion of reconciliations under this arrangement ▪ Liaising with agents regarding the sale of assets ▪ Liaising with the Company's suppliers regarding cash collateral recoveries ▪ Reviewing outstanding debtors and management of debt collection strategy ▪ Analysing the outstanding debtors, including engagement with the previously appointed debt collection agencies to realise amounts that it holds ▪ Performing analysis of cash receipts by the Company ▪ Extensive work alongside Credit Style to realise the closed customer debtor book ▪ Corresponding with customers and addressing their queries relating to various matters, including but not limited to, the final billing process, the migration of customer accounts and the refund of customer credit balances ▪ Corresponding with customer debtors to ensure that their queries are appropriately addressed, and outstanding balances are paid 	To realise the value of the Company's assets.	Maximising asset realisations and minimising costs will increase the amount available for distribution to creditors.

SIP 9 narrative for the period from 30 September 2022 to 29 September 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Costs of realisation	<ul style="list-style-type: none"> ▪ Liaising with third parties regarding costs incurred ▪ Reviewing costs incurred to ensure recorded accurately ▪ Arranging payment of the costs in a timely manner as and when funds allow 	To settle the costs of third parties who have facilitated the realisation of Company assets.	Maximising asset realisations and minimising costs may increase the amount available for distribution to creditors.
Tax	<ul style="list-style-type: none"> ▪ Submitting relevant initial notifications to HMRC ▪ Reviewing the Company's pre-appointment corporation tax and VAT position ▪ Reviewing the Company's duty position to ensure compliance with duty requirements ▪ Dealing with post appointment tax compliance ▪ Preparing the Company's post-appointment VAT returns and supporting documentation ▪ Reviewing the potential secondary preferential claim ▪ Dealing with post-appointment tax compliance ▪ Liaising with HMRC and Octopus to develop an appropriate VAT strategy for the administration and ongoing matters, and to facilitate the refund of the Company's final pre-appointment VAT return ▪ Analysis and reconciliation of customer receipts for the purpose of post-appointment VAT returns 	<p>To comply with statutory requirements.</p> <p>To mitigate the tax liabilities/expenses of the liquidation.</p>	Minimising costs may increase the amount available for distribution to creditors.
Cashiering & treasury management	<ul style="list-style-type: none"> ▪ Setting up liquidation bank accounts ▪ Preparing and processing vouchers for the payment of post-appointment invoices ▪ Processing of receipts in the liquidation bank account and ensuring they are correctly allocated ▪ Creating remittances and sending payments to settle invoices ▪ Reconciling bank accounts to internal systems ▪ Ensuring compliance with appropriate risk management procedures in respect of receipts and payments ▪ Development and implementation of an appropriate fund diversification strategy to reduce potential risks associated with the banking system 	<p>To comply with statutory requirements.</p> <p>To effectively manage funds.</p> <p>To receive asset realisations.</p> <p>To discharge the costs of the liquidation.</p>	<p>The management of funds may increase the amount of bank interest available.</p> <p>Increased asset realisations may increase the amount available for distribution to creditors.</p>

SIP 9 narrative for the period from 30 September 2022 to 29 September 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Employees	<ul style="list-style-type: none"> Ensuring compliance with our duties to issue statutory reports. 	To comply with statutory requirements.	No direct financial benefit.
Claims & distributions	<ul style="list-style-type: none"> Reviewing and updating the list of unsecured creditors Reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records Responding to creditors regarding queries about the liquidation and their claims Agreeing unsecured creditor claims Attending the Court directions hearing, reviewing the judgement in conjunction with our legal advisors and Counsel and implementing the outcome in the claim adjudication process Reviewing the outcome of the Court Directions Hearing in relation to certain of the creditors' claim Arranging distributions to unsecured creditors 	<p>To comply with statutory requirements.</p> <p>To minimise claims where appropriate.</p> <p>To ensure creditors claim for the correct amount due to them.</p>	Ensuring creditor records are maintained, updated where necessary and claims are agreed at the correct value for voting purposes and, where appropriate, funds are accurately distributed to the relevant creditors.
Exit routes & closure	<ul style="list-style-type: none"> Dealing with all closure related formalities 	To comply with statutory requirements.	No direct financial benefit.

Appendix 5 – Glossary

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

Defined Terms	Definition
A&M	Alvarez & Marsal Europe LLP
Clumber	Clumber Consultancy Limited
Company	Avro Energy Limited in liquidation
CVL	Creditors Voluntary Liquidation
Credit Style	Credit Style Limited
Debt Assignment Agreement	The assignment of the live customer debtor ledger to Octopus Energy Limited on 26 November 2021
DWF	DWF LLP
Freshfields	Freshfields Bruckhaus Deringer LLP
GDPR	General Data Protection Regulation
HMRC	HM Revenue and Customs
Joint Liquidators/we/our/us	Mike Denny, Paul Berkovi and Mark Firmin
Octopus	Octopus Energy Limited
Ofgem	the Office of Gas and Electricity Markets
Osborne Clarke	Osborne Clarke LLP
Portal	A secure online insolvency portal relating to the Company liquidation
Red Fish	Red Fish Systems Limited
SIPs	Statements of insolvency practice
SIP 9	Payments to insolvency office holders and their associates from an estate
VAT	Value Added Tax
WBD	Womble Bond Dickinson (UK) LLP

Appendix 6 – Notice: About this progress report

This progress report has been prepared by Mike Denny, Paul Berkovi and Mark Firmin, the Joint Liquidators of Avro Energy Limited in liquidation ('the Company'), solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This progress 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 or any other company in the same group.

Any estimated outcomes for creditors included in this progress 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 progress report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

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

We are bound by the Insolvency Code of Ethics.

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