

CVA3

Notice of supervisor's progress report in voluntary arrangement



Companies House

THURSDAY



A07 *A77LX4L7* #240
07/06/2018
COMPANIES HOUSE

1 Company details

Company number 0 2 6 5 1 1 6 8

Company name in full Durham County Waste Management Company Limited

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

2 Supervisor's name

Full forename(s) Howard

Surname Smith

3 Supervisor's address

Building name/number KPMG LLP

Street 1 Sovereign Square

Sovereign Street

Post town Leeds

County/Region

Postcode L S 1 4 D A

Country

4 Supervisor's name^①

Full forename(s) Jonathan Charles

Surname Marston

① Other supervisor
Use this section to tell us about
another supervisor.

5 Supervisor's address^②

Building name/number KPMG LLP

Street 1 Sovereign Square

Sovereign Street

Post town Leeds

County/Region

Postcode L S 1 4 D A

Country

② Other supervisor
Use this section to tell us about
another supervisor.

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6 Date of voluntary arrangement

Date

d	1	d	2	m	0	m	2	y	2	y	0	y	1	y	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

7 Period of progress report

Date from

d	1	d	2	m	0	m	2	y	2	y	0	y	1	y	7
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Date to

d	1	d	1	m	0	m	2	y	2	y	0	y	1	y	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

8 Progress report

☒ I attach a copy of the progress report

9 Sign and date

Supervisor's signature

Signature

X

Harold Smith

X

Signature date

d	0	d	6	m	0	m	6	y	2	y	0	y	1	y	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---



Supervisors' Annual Progress Report 12 February 2017 to 11 February 2018

Durham County Waste
Management Company
Limited – under a
Voluntary Arrangement
and in Liquidation

4 April 2018

Glossary

The Company and/or DCWM	Durham County Waste Management Company Limited under a Company Voluntary Arrangement and in Liquidation (Company registered number 02651168)
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
The Proposal	The CVA Proposal approved by creditors on 12 February 2013
The Joint Supervisors/Supervisors/we our/us	Howard Smith and Jonathan Charles Marston of KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
The Period	12 February 2017 to 11 February 2018
PWM and/or Premier Waste	Premier Waste Management Limited under a Company Voluntary Arrangement and in Liquidation (Company registered number 03616068)
HMRC	HM Revenue & Customs
FTT	First Tier Tribunal (Tax)

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In the High Court of Justice

Case No. 70 of 2013

Chancery Division

High Court of Justice Newcastle upon Tyne

District Registry

In the matter of Durham County Waste

Management Company Limited (the 'Company')

and in the matter of the Insolvency Act 1986

We attach as Appendix 1 a copy of the Supervisors' annual summary of receipts and payments in the above Voluntary Arrangement for the period 12 February 2017 to 11 February 2018 (the 'Period') and we report as follows.

1 Receipts

1.1 Interest received

Bank interest of £904 has been received during the Period in relation to funds held.

1.2 Sundry refunds

A corporation tax refund of £248 was received during the Period; of which £7 was due to the Liquidation of the Company. This was duly paid to DCWM in CVL.

2 Payments

2.1 Agents' fees

During the Period we have paid £1,980 to Sanderson Weatherall for assisting the Joint Supervisors in reviewing the claim of a creditor that initially challenged the CVA at court. This claim has now been agreed.

3 Progress of the Arrangement

3.1 Unsecured creditors

As you are aware, the Proposal stated that the expected distribution to creditors, would be in full and final settlement of 80% of each CVA creditor's claim (i.e. 80% of its debt) allowing those CVA creditors to vote and prove for the remaining 20% in the subsequent liquidation.

According to the Directors' Statement of Affairs, as at 30 November 2012 (schedule 8 of the Proposal), the estimated claims of unsecured creditors totalled £3,636,792. This was based on the November management accounts prepared by the Company and on the assumption that the Company would enter liquidation immediately.

Since the date of the Statement of Affairs, the Company has updated its ledgers to reflect all balances which could potentially be claimed in the CVA and subsequent liquidation. The updated balances will be taken into account by the Joint Supervisors when agreeing claims.

The Estimated Outcome Statement (schedule 7 of the Proposal) was prepared as at 12 February 2013 on two assumptions: a CVA followed by a CVL and an immediate liquidation. According to the estimated outcome statement anticipated claims in the CVA, and subsequent CVL, were estimated to total £2,431,000.

The Company's records indicated that there were 21 unsecured creditors with potential claims in the CVA. As indicated in the Proposals, the return to creditors through the CVA and subsequent CVL was estimated by the Company's directors to be 27 pence in the pound. The costs of the CVA have been higher than anticipated following a challenge to the CVA from a creditor, which was successfully defended. The Joint Supervisors are looking to recover the costs of dealing with the challenge from this creditor; however, it is estimated that the return to creditors will be lower than that anticipated in the Proposals as a result of the additional costs incurred. This matter has also delayed payment of a dividend to creditors.

This claim has now been resolved and we are now in a position to issue the Notice of Intention to Declare a Dividend within the next three months.

In addition, a key asset in the CVA is an intercompany balance due from Premier Waste. On 6 March 2015 the Joint Supervisors received an interim dividend payment of £381,202, following a distribution from the CVA of Premier Waste, and £5,152 from the CVL of Premier Waste. A further dividend is expected from Premier Waste although the timing and quantum of this is uncertain.

3.2 Extension to the period of the CVA

As you are aware, Premier Waste has an ongoing landfill tax claim with HMRC. The claim is valued at £4.5 million and, if successful, further dividends will become payable to the creditors of PWM. A hearing has been held before the First Tier Tribunal (Tax) ('FTT'). The FTT has reserved its decision meaning the outcome of the tribunal is not yet known. We are awaiting the outcome of this.

As DCWM is a creditor of PWM, and should the claim be successful, funds will be distributed to DCWM and the return to the creditors of the Company will also increase. The claim has not been resolved during the period of the CVA and, accordingly, the Joint Supervisors of PWM intend to extend the period of the CVA for a further three years, to 1 June 2021, to allow them to continue to pursue the claims.

Given the interlocking nature of the CVAs and the funds that will flow to DCWM, should the claim be successful, the Joint Supervisors also intend to extend the period of the DCWM CVA to 1 June 2021.

This extension is considered to be a material variation to the Proposal and, as such, a notice of a creditor's decision procedure to consider the proposed extension will be sent to creditors under separate cover.

4 Office Holders' Remuneration

In accordance with the terms of the proposal the Joint Supervisors' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Arrangement.

Attached at Appendix 2 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out in the Period (as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No.9) together with details of expenses incurred to date.

In the Period the Joint Supervisors incurred time costs of £38,363, representing 112 hours at an average rate of £343 per hour. This includes tax, VAT and pensions advice from KPMG LLP in-house specialists. The Joint Supervisors have not incurred any expenses during the Period. No disbursements have been drawn.

The Proposal estimated that the total fees to be paid to the Supervisors would be £55,000 plus outlays and VAT thereon. The Joint Supervisors' time costs for the CVA to date are £223,762 and it is anticipated that these costs will increase to £300,000 by the time the CVA is concluded. These costs are higher than anticipated as a result of the Joint Supervisors dealing with a challenge to the CVA from a creditor, subsequently reaching agreement with the creditor as to the value of its claim, and management of the case for a further three years.

Please note that 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. However, the cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

A creditors' guide to fees can be found at:

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Voluntary_Arrangement_Fees_Nov2011.pdf

However, if you are unable to access this guide and would like a copy then please contact Clare McCain on 0191 4013867.

5 Future conduct of the Arrangement

The CVA cannot be concluded at present. The Joint Supervisors will continue to perform their duties as set out in the Proposal. This will include, but is not limited to:

- the agreement of remaining creditors' claims;
- receiving any further dividends from PWM;
- extending the period of the CVA;
- distribution to unsecured creditors; and
- any other functions which it may be necessary or expedient for the Supervisor to undertake in connection with the implementation of the Arrangement.

If you have any further queries in relation to the above please direct them to Clare McCain on 0191 4013867.

Signed



Dated

4 April 2018

Howard Smith
Joint Supervisor

Appendix 1 Receipts and payments account for the period 12
February 2017 to 11 February 2018

Durham County Waste Management Company Limited - under a Voluntary Arrangement			
Abstract of receipts & payments			
Statement of affairs (£)		From 12/02/2017 To 11/02/2018 (£)	From 12/02/2013 To 11/02/2018 (£)
ASSET REALISATIONS			
53,040.00	Freehold land	NIL	30,000.00
	Shares and investments	NIL	244,273.46
	Inter company debtors	NIL	386,354.28
271,349.00	Cash at bank	NIL	111,815.96
	Insurance refund	NIL	3,415.50
		NIL	775,859.20
OTHER REALISATIONS			
	Bank interest, gross	904.44	3,333.55
	Bank interest, net of tax	NIL	2,090.50
	Sundry refunds	248.44	706.36
	Funds held for employee compromise	NIL	130,000.00
		1,152.88	136,130.41
COST OF REALISATIONS			
	Employee compromise - payment	NIL	(130,000.00)
	Supervisors' fees	NIL	(150,000.00)
	Agents'/Valuers' fees	(1,980.00)	(7,786.58)
	Agents'/Valuers' disbursements	NIL	(720.00)
	Legal fees	NIL	(83,027.75)
	Legal disbursements	NIL	(11,519.00)
	Sundry expenses	(7.18)	(7.18)
	Insurance of assets	NIL	(1,952.09)
	Bank charges	NIL	(75.00)
		(1,987.18)	(385,087.60)
UNSECURED CREDITORS			
(375,915.00)	Employees	NIL	NIL
(1,484,440.00)	Barclays Mercantile	NIL	NIL
(305,359.00)	Lease: Prospect House	NIL	NIL
(378,367.00)	Lease: Tursdale	NIL	NIL
(291,928.00)	Operating lease	NIL	NIL
(800,783.00)	DCC loan	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			

Durham County Waste Management Company Limited - under a Voluntary Arrangement

Abstract of receipts & payments

Statement of affairs (£)		From 12/02/2017 To 11/02/2018 (£)	From 12/02/2013 To 11/02/2018 (£)
(1,378,002.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(4,690,405.00)		(834.30)	526,902.01

REPRESENTED BY

Floating ch. VAT rec'able	8,414.17
Supervisors trust account	525,654.99
Floating ch. VAT payable	(6,000.00)
Floating ch. VAT control	(1,167.15)
	526,902.01

Appendix 2 Time cost analysis for the period from 12 February 2017 to 11 February 2018

SIP 9 –Time costs analysis (12/02/2017 to 11/02/2018)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	2.30	1,013.00	440.43
Reconciliations (& IPS accounting reviews)	1.80	724.50	402.50
General			
Fees and WIP	1.10	324.50	295.00
Statutory and compliance			
Appointment and related formalities	0.50	280.00	560.00
Checklist & reviews	12.55	3,869.50	308.33
Statutory receipts and payments accounts	2.00	654.50	327.25
Strategy documents	8.20	2,920.50	356.16
Tax			
Post appointment corporation tax	1.30	383.50	295.00
Post appointment VAT	1.80	595.50	330.83
Creditors			
Creditors and claims			
Agreement of unsecured claims	59.00	20,608.50	349.30
General correspondence	1.70	566.00	332.94
Statutory reports	19.20	6,269.50	326.54
Realisation of assets			
Asset Realisation			
Leasehold property	0.30	153.00	510.00
Total in period	111.75	38,362.50	343.29
Brought forward time (appointment date to SIP 9 period start date)	514.05	185,399.50	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	111.75	38,362.50	
Carry forward time (appointment date to SIP 9 period end date)	625.80	223,762.00	

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.

Joint Supervisors' disbursements

The Joint Supervisors have not incurred any disbursement during the Period.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Total	NIL		NIL		NIL

KPMG Restructuring 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 both to 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 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.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage. Mileage claims fall into three categories:

- use of privately-owned vehicle or car cash alternative – 45 pence per mile;
- use of company car – 60 pence per mile; and
- use of partner's car – 60 pence per mile.

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

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

Appendix 3 Charge out rates for the period 12 February 2017 to 11 February 2018

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

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CVA3

Notice of supervisor's progress report in voluntary arrangement



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	Clare McCain
Company name	KPMG LLP
Address	KPMG LLP
	1 Sovereign Square
	Sovereign Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D A
Country	
DX	
Telephone	Tel +44 (0) 191 401 3700



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse 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