

Rule 1 26A/1 54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress Report

Pursuant to Rule 1 26A(4)(a) or
Rule 1 54 of the
Insolvency Rules 1986

R.1.26A(4)(a)/
R.1.54

For Official Use

To the Registrar of Companies

Company Number

03616068

Name of Company

Premier Waste Management Limited

I / We

Mark Granville Firmin, KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

Howard Smith, KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

supervisor(s) of a voluntary arrangement taking effect on

12 February 2013

Attach my progress report for the period

12 February 2015

to

11 February 2016

Number of continuation sheets (if any) attached

Signed

Howard Smith

Date 7 April 2016

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Ref PD129C0902/SJ/CMC/LR/SR

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Insolvency Section

Post Room

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COMPANIES HOUSE

**Voluntary Arrangement of
Premier Waste Management Limited**

Statement of Affairs		From 12/02/2015 To 11/02/2016	From 12/02/2013 To 11/02/2016
	ASSET REALISATIONS		
297,650 00	Plant & machinery	NIL	385,486 00
267,833 00	Other debtors	NIL	NIL
1,007,756 00	Book debts	NIL	1,665,730 46
460,580 00	Inter company debtors	NIL	404,454 00
	CVA contributions	NIL	1,676,189 34
5,601,422 00	Cash at bank	NIL	3,992,902 94
	Bond release	NIL	2,760,790 73
	Return of Barclays retained cash	NIL	825,000 00
		NIL	11,710,553 47
	OTHER REALISATIONS		
	Bank interest, gross	15,085 93	90,394 32
	Bank interest, net of tax	127 63	210 97
	Accrued income	NIL	156,765 03
	Sundry refunds	9,320 99	48,480 54
	Funds received in error	NIL	36,407 95
	Funds held for employee compromise	NIL	50,000 00
		24,534 55	382,258 81
	COST OF REALISATIONS		
	Employee compromise - payment	NIL	50,000 00
	Management team bonus	20,874 61	167,508 63
	Costs of bond release	NIL	45,971 48
	Repayment of funds rec'd in error	NIL	36,407 95
	Supervisors' fees	304,500 00	357,000 00
	Agents'/Valuers' fees	NIL	5,836 50
	Agents'/Valuers' disbursements	NIL	15,187 33
	Legal fees	1,392 00	9,101 00
	Corporation tax	7,326 67	7,326 67
	VAT interest	NIL	245 29
	Insurance of assets	NIL	464 28
	Bank charges	80 00	230 00
		(334,173 28)	(695,279 13)
	UNSECURED CREDITORS		
(3,876,626 00)	Trade & expense	914,328 25	914,328 25
(797,230 00)	Employees	47,168 25	47,168 25
(1,484,440 00)	Barclays Mercantile	530,236 79	530,236 79
(4,149,113 00)	Restoration & aftercare provision	NIL	NIL
(1,602,699 00)	Landfill tax	NIL	NIL
(957,834 00)	Connected companies	381,202 49	381,202 49
(5,872 00)	Finance lease	296,479 07	296,479 07
(12,500,000 00)	Pension scheme	7,884,650 00	7,884,650 00
(828,420 00)	Operating lease	NIL	NIL
	National Insurance Fund	74,158 89	74,158 89
		(10,128,223 74)	(10,128,223 74)
	DISTRIBUTIONS		
(500,000 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(19,066,993.00)		(10,437,862 47)	1,269,309.41

REPRESENTED BY

Floating ch VAT rec'able	6,024 97
Supervisors trust account	1,241,590 76
Employee trust account	27,440 25
Floating ch VAT payable	(54,318 20)
Floating ch VAT control	48,571 63
	<hr/>
	1,269,309 41
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**Premier Waste Management Limited
under a Company Voluntary
Arrangement (“the Company”)**

**Annual Report to creditors
pursuant to Rule 1.26A(4) of
the Insolvency Rules 1986**

KPMG LLP
7 April 2016

HS/LF/CMC



*Premier Waste Management Limited under a Company Voluntary Arrangement ("the Company")
Annual Report to creditors pursuant to Rule 1 26A(4) of the Insolvency Rules 1986
KPMG LLP
7 April 2016*

Notice: About this Report

This Report has been prepared by Mark Granville Firmin and Howard Smith, the Joint Supervisors of Premier Waste Management Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the voluntary arrangement, 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 Premier Waste Management Limited.

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 choosing to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at his or her own risk.

To the fullest extent permitted by law, the Joint Supervisors do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Mark Granville Firmin is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The Joint Supervisors contract without personal liability. The appointments of the Joint Supervisors are personal to them and to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report.



Glossary

the Company and/or Premier Waste	Premier Waste Management Limited (Company registered number 03616068)
the Council	Durham County Council
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
DCWM	Durham County Waste Management Company Limited (Company registered number 02651168)
the Joint Supervisors	Mark Granville Firmin and Howard Smith of KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
the Period	12 February 2015 to 11 February 2016
the Proposal	the CVA Proposal approved by creditors on 12 February 2013
HMRC	HM Revenue & Customs



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Appendix 1: Receipts and payments account for the period 12 February 2015 to 11 February 2016

Appendix 2: Joint Supervisors' time costs and expenses for the period 12 February 2015 to 11 February 2016

Appendix 3: Charge out rates for the period 12 February 2015 to 11 February 2016



1 Introduction

Mark Firmin and Howard Smith were appointed as Joint Supervisors of the CVA of the Company on 12 February 2013

The Company was part of a group, with DCWM being its parent company ("the Group") DCWM was also subject to a CVA, the CVAs were interlocking and conditional on the approval of one another

In accordance with Rule 1 26A(4) of the Insolvency Rules 1986, we attach as Appendix 1 a copy of the Joint Supervisors' annual summary of receipts and payments in the CVA for the period 12 February 2015 to 11 February 2016

The Joint Supervisors also provide a summary of the progress made to date which should be read in conjunction with the Appendices to this Report

Please note that unless specifically stated, all amounts in this Report are net of VAT

2 Progress of the Arrangement

The Group's activities primarily comprised its contract for the waste management services of the Council ("the Waste Contract") On 31 May 2011, the Council served two years' notice to terminate the Waste Contract

Following a consideration of alternative options, the directors believed that as a result of the termination of the Waste Contract, the Company could not avoid insolvent liquidation The directors were therefore unable to continue to trade outside of an insolvency process

The objective of the CVA Proposals was to allow the Group to continue to trade until the end of the Waste Contract on 31 May 2013 This would allow the Group to benefit from the profits generated by a further period of trading, whilst protecting the position of the Group's creditors

The CVA Proposals were further enhanced by a number of concessions which were made available by the Council

The CVA was duly implemented on 12 February 2013, and notices were sent to all known creditors and to court on 15 February 2013

The Proposal stated that the majority of the Company's assets would be held on trust by the Joint Supervisors and, following termination of the Waste Contract, the Company would be placed into CVL This would enable the liquidators to disclaim any onerous leases, licences or contracts and to realise any remaining assets that were not held on trust, for the benefit of the Company's unsecured creditors, which might accrue during the CVA trading period

The assets held on trust would be realised and distributed for the benefit of the CVA creditors despite the Company being placed into CVL



The distribution to creditors in the CVA, 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

Howard Smith and Mark Firmin of KPMG LLP were appointed Joint Liquidators of the Company and DCWM on 1 July 2013

2.1 Extension to the period of the CVA

As previously reported, Premier Waste has an ongoing landfill tax claim with HMRC which relates to landfill tax incurred from January 2007 to June 2009 on materials used in the construction of a regulating layer ("fluff layer") which is required prior to capping the full cells at the Group's landfill sites. If successful, the claim is valued at £4.5 million and returns to the creditors of PWM would increase. The claims have not been resolved, and as such, the Joint Supervisors have extended the period of the CVA to 1 June 2018 to allow them to continue to pursue the claims.

This extension is considered to be a material variation to the CVA proposal and as such a meeting of creditors was convened on 5 May 2015 whereby the creditors considered and granted the extension.

3 Receipts

Realisations during the Period are set out in the attached receipts and payments account (Appendix 1). Summaries of the realisations during the Period are provided below.

3.1 Contribution Payments

The CVA Proposal anticipated that the sum of £697,000 would be paid to the Joint Supervisors during the period of the CVA as contributions from the trading activity of the Company.

The total contribution payments received to date amount to £1,676,189. As stated in the CVA proposal, 20% of contributions received in excess of the forecast contributions of £697,000 have been held for a loyalty and incentive bonus for the senior management team of the Company.

During the Period, final payments totalling £20,875 have been paid in relation to the senior management team bonus which includes tax and national insurance deductions which have been paid to HMRC. The remaining balance in the employee trust account (£27,440) is not eligible to be paid under the bonus agreement and has been transferred to the supervisors trust account since the period end.

3.2 Interest received

Bank interest of £15,214 has been received during the Period in relation to the funds held.



3.3 Sundry refunds

Sundry refunds totalling £9,321 have been received during the Period, £7,180 in relation to the surrender of permits to the Environment Agency, and £2,141 in respect of a dividend in relation to a claim submitted in the liquidation of a pre-appointment debtor

4 Payments

Payments during the Period are set out in the attached receipts and payments account (Appendix 1). Summaries of the most significant payments during the Period are provided below

4.1 Legal Fees

During the Period Eversheds LLP have been paid £1,392 in relation to advising the Joint Supervisors on the conduct of the Voluntary Arrangement

4.2 Corporation Tax

Corporation tax of £7,327 has been paid during the Period

5 Joint Supervisors' remuneration and disbursements

5.1 Joint Supervisors' remuneration

In accordance with the terms of the Proposal, the Joint Supervisors' remuneration is fixed on the basis of time properly spent by them and their staff in dealing with matters arising in the CVA

Attached at Appendices 2 and 3 are detailed analyses of time spent and charge out rates for each grade of staff for work carried out during the Period as required by the Association of Business Recovery Professionals' 'Statement of Insolvency Practice 9', together with details of expenses incurred to date

In the Period, the Joint Supervisors incurred time costs of £53,949 representing 172 hours at an average rate of £314 per hour. This includes tax and VAT advice from KPMG LLP in-house specialists

During the Period, the Joint Supervisors' have drawn fees of £304,500 which includes fees which have previously been accrued

The CVA Proposal anticipated that total Joint Supervisors fees would be £200,000. The Joint Supervisors time costs for the CVA to date are £359,570 and it is anticipated that these costs will increase to £400,000 by the time the CVA is concluded. These costs are higher than initially



anticipated due to dealing with creditor queries, and dealing with the complexity of the claims agreement process

The future costs relate to progressing the landfill tax claims, making a further distribution to creditors and dealing with statutory obligations and management of the case. Our estimates could be exceeded if the landfill tax claim becomes protracted.

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.

Further information is given in the Association of Business Recovery Professionals' Publication, A Creditors' Guide to Fees in a Voluntary Arrangement, which can be obtained from

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 please contact Clare McCain on 0191 401 3867.

5.2 Joint Supervisors' disbursements

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

6 Estimated Outcome for Creditors

6.1 Unsecured creditors

The Proposal stated that the expected distribution to creditors, will 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.

The Directors Statement of Affairs as at 30 November 2012 (schedule 7 of the Proposal) estimated that the claims of unsecured creditors would total £26,202,234. This was based on the November management accounts prepared by the Company and was prepared on the assumption that the Company would enter liquidation immediately.

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

The Estimated Outcome Statement (schedule 6 of the Proposal) was prepared as at 12 February 2013 on two assumptions: a CVA followed by a CVL, and an immediate liquidation. The estimated outcome statement anticipated that claims in the CVA and subsequent CVL would total £18,968,000.



As indicated in the Proposals, the return to creditors through the CVA and subsequent CVL was estimated by the Company's directors to be 42 pence in the pound

On 19 February 2015 an interim dividend was declared on the claims of unsecured creditors admitted in the CVA of the Company. The Joint Supervisors admitted claims totalling £19,666,454 which is £15,733,163 at 80% of the claim value. The interim dividend, calculated on 80% of claim value, was 64.375 pence in the pound.

The amount distributed to unsecured creditors was £10,128,224.

A further small dividend will be declared in due course.

7 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:

- resolution of the ongoing landfill tax claim,
- the agreement of remaining creditors' claims,
- a further distribution to unsecured creditors,
- any other functions which it may be necessary or expedient for the Supervisor to undertake in connection with the implementation of the CVA.

Any further queries in relation to the above should be directed to Clare McCain on 0191 401 3867.

Signed _____

Dated 7 April 2016

H Smith
Joint Supervisor

Appendix 1 – Receipts and payments account for the period 12 February 2015 to 11 February 2016

Statement of affairs (£)		From 12/02/2015 To 11/02/2016 (£)	From 12/02/2013 To 11/02/2016 (£)
ASSET REALISATIONS			
297,650 00	Plant & machinery	NIL	385,486 00
267,833 00	Other debtors	NIL	NIL
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460,580 00	Inter company debtors	NIL	404,454 00
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	Sundry refunds	9,320 99	48,480 54
	Funds received in error	NIL	36,407 95
	Funds held for employee compromise	NIL	50,000 00
		24,534 55	382,258 81
COST OF REALISATIONS			
	Employee compromise - payment	NIL	(50,000 00)
	Management team bonus	(20,874 61)	(167,508 63)
	Costs of bond release	NIL	(45,971 48)
	Repayment of funds rec'd in error	NIL	(36,407 95)
	Supervisors' fees	(304,500 00)	(357,000 00)
	Agents'/Valuers' fees	NIL	(5,836 50)
	Agents'/Valuers' disbursements	NIL	(15,187 33)
	Legal fees	(1,392 00)	(9,101 00)
	Corporation tax	(7,326 67)	(7,326 67)
	VAT interest	NIL	(245 29)
	Insurance of assets	NIL	(464 28)

Premier Waste Management Limited under a Company Voluntary Arrangement ("the Company")
Annual Report to creditors pursuant to Rule 1 26A(4) of the Insolvency Rules 1986
KPMG LLP
7 April 2016

Statement of affairs (£)	From 12/02/2015 To 11/02/2016 (£)	From 12/02/2013 To 11/02/2016 (£)
Bank charges	(80 00)	(230 00)
	(334,173 28)	(695,279 13)
UNSECURED CREDITORS		
(3,876,626 00) Trade & expense	(914,328 25)	(914,328 25)
(797,230 00) Employees	(47,168 25)	(47,168 25)
(1,484,440 00) Barclays Mercantile	(530,236 79)	(530,236 79)
(4,149,113 00) Restoration & aftercare provision	NIL	NIL
(1,602,699 00) Landfill tax	NIL	NIL
(957,834 00) Connected companies	(381,202 49)	(381,202 49)
(5,872 00) Finance lease	(296,479 07)	(296,479 07)
(12,500,000 00) Pension scheme	(7,884,650 00)	(7,884,650 00)
(828,420 00) Operating lease	NIL	NIL
National Insurance Fund	(74,158 89)	(74,158 89)
	(10,128,223 74)	(10,128,223 74)
DISTRIBUTIONS		
(500,000 00) Ordinary shareholders	NIL	NIL
	NIL	NIL
(19,066,993 00)	(10,437,862 47)	1,269,309 41
REPRESENTED BY		
Floating ch VAT rec'able		6,024 97
Supervisors trust account		1,241,590 76
Employee trust account		27,440 25
Floating ch VAT payable		(54,318 20)
Floating ch VAT control		48,571 63
		1,269,309 41

Appendix 2 – Joint Supervisors' time costs and expenses for the period 12 February 2015 to 11 February 2016

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	7 75	2,445 25	315 52
Reconciliations (& IPS accounting reviews)	4 20	1,176 00	280 00
General			
Books and records	0 80	224 00	280 00
Fees and WIP	8 60	2,700 50	314 01
Statutory and compliance			
Appointment and related formalities	0 75	401 25	535 00
Checklist & reviews	5 60	1,980 00	353 57
Pre-appointment checks	0 25	31 25	125 00
Statutory receipts and payments accounts	7 15	1,698 25	237 52
Strategy documents	4 00	1,620 00	405 00
Tax			
Post appointment corporation tax	10 40	4,099 50	394 18
Post appointment VAT	2 00	575 00	287 50
Creditors			
Creditors and claims			
Agreement of unsecured claims	25 80	8,856 50	343 28
General correspondence	17 80	4,429 00	248 82
Payment of dividends	22 10	4,980 50	225 36
Statutory reports	39 20	12,086 00	308 32
Employees			
Agreeing employee claims	0 60	168 00	280 00
Correspondence	0 60	168 00	280 00
Pensions reviews	0 50	242 50	485 00
Realisation of assets			
Asset Realisation			
Other assets	13 50	6,067 50	449 44
Total in period	171 60	53,949 00	314 39

	Hours	Time Cost (£)	Average Hourly Rate (£)
Brought forward time (appointment date to SIP 9 period start date)	992 90	305,621 25	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	171 60	53,949 00	
Carry forward time (appointment date to SIP 9 period end date)	1,164 50	359,570 25	

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

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 officeholder will look 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 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.

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

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

- use of privately-owned vehicle or car cash alternative – 40 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.



Appendix 3 - Charge out rates for the period 12 February 2015 to 11 February 2016

Grade	From 01 Oct 2014 £/hr	From 01 Oct 2015 £/hr
Partner	595	595
Director	535	535
Senior Manager	485	485
Manager	405	405
Senior Administrator	280	280
Administrator	205	205
Support	125	125