

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

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

Jonathan Charles Marston, 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 2016

to

11 February 2017

Number of continuation sheets (if any) attached

☐

Signed



Date 30 March 2017

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Ref: PD129C0902/SJ/CMC/LR/SR

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COMPANIES HOUSE

**Voluntary Arrangement of
Premier Waste Management Limited**

Statement of Affairs	From 12/02/2016 To 11/02/2017	From 12/02/2013 To 11/02/2017
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
	<u>NIL</u>	<u>11,710,553.47</u>
OTHER REALISATIONS		
Bank interest, gross	3,966.80	94,361.12
Bank interest, net of tax	25.26	236.23
Accrued income	NIL	156,765.03
Sundry refunds	295.61	48,776.15
Funds received in error	NIL	36,407.95
Funds held for employee compromise	NIL	50,000.00
	<u>4,287.67</u>	<u>386,546.48</u>
COST OF REALISATIONS		
Employee compromise - payment	NIL	50,000.00
Management team bonus	NIL	167,508.63
Costs of bond release	NIL	45,971.48
Repayment of funds rec'd in error	NIL	36,407.95
Supervisors' fees	NIL	357,000.00
Agents'/Valuers' fees	NIL	5,836.50
Agents'/Valuers' disbursements	NIL	15,187.33
Legal fees	1,354.00	10,455.00
Legal disbursements	150.00	150.00
Corporation tax	7,476.12	14,802.79
VAT interest	NIL	245.29
Insurance of assets	NIL	464.28
Bank charges	NIL	230.00
	<u>(8,980.12)</u>	<u>(704,259.25)</u>
UNSECURED CREDITORS		
(3,876,626.00) Trade & expense	NIL	914,328.25
(797,230.00) Employees	NIL	47,168.25
(1,484,440.00) Barclays Mercantile	NIL	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	NIL	381,202.49
(5,872.00) Finance lease	NIL	296,479.07
(12,500,000.00) Pension scheme	NIL	7,884,650.00
(828,420.00) Operating lease	NIL	NIL
National Insurance Fund	NIL	74,158.89
	<u>NIL</u>	<u>(10,128,223.74)</u>
DISTRIBUTIONS		
(500,000.00) Ordinary shareholders	<u>NIL</u>	<u>NIL</u>
	<u>NIL</u>	<u>NIL</u>
(19,066,993.00)	<u>(4,692.45)</u>	<u>1,264,616.96</u>

REPRESENTED BY

Floating ch. VAT rec'able	6,295.77
Supervisors trust account	1,264,346.16
Floating ch. VAT payable	(54,318.20)
Floating ch. VAT control	48,293.23
	<hr/>
	1,264,616.96
	<hr/>



Supervisors' Annual Progress Report 12 February 2016 to 11 February 2017

Premier Waste
Management Limited

30 March 2017



Glossary

The Company/Premier Waste and/or PWM	Premier Waste Management Limited in Liquidation and under a Company Voluntary Arrangement (Company registration number 03616068)
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
The Proposal	The CVA Proposals 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 2016 to 11 February 2017
Eversheds	Eversheds LLP
HMRC	HM Revenue & Customs

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In the High Court of Justice

Case No. 71 of 2013

Chancery Division

High Court of Justice Newcastle upon Tyne

District Registry

In the matter of Premier Waste Management
Limited

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 2016 to 11 February 2017 and we report as follows.

1 Receipts

1.1 Interest received

Bank interest of £3,992 has been received during the Period in relation to funds held.

1.2 Sundry refunds

During the Period, £296 has been received from a dividend as a result of a claim submitted in the liquidation of a pre-appointment debtor.

2 Payments

2.1 Legal fees and disbursements

We have paid legal fees and disbursements to the Supervisors' solicitors, Eversheds, of £1,354 and £150 respectively during the Period, in relation to the conduct of the Voluntary Arrangement.

2.2 Corporation tax

Corporation tax of £7,476 has been paid during the Period.

3 Progress of the Arrangement

3.1 Replacement of Joint Supervisor

As you are aware, I was appointed Joint Supervisor of the Company, together with Mark Granville Firmin, at the meeting of the Company's creditors held on 12 February 2013.

On 29 July 2016 an order was made in the High Court appointing Jonathan Charles Marston as Joint Supervisor of the Company in place of Mark Firmin, following Mr Firmin's resignation from KPMG LLP.

In accordance with the order, creditors were notified of this on 10 August 2016.

3.2 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.

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 2012 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.

An interim dividend was previously declared and paid in February 2015 on the claims of unsecured creditors admitted in the CVA of the Company, 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 64.4 pence in the pound.

The total amount distributed to unsecured creditors to date is £10,128,224.

A further dividend will be declared in due course. The quantum of any further dividend is dependent on a landfill tax claim made against HMRC, see below for further detail.

3.3 Landfill tax claim

As previously reported, Premier Waste has an ongoing landfill tax claim with HMRC. If successful, the claim is valued at £4.5 million and returns to the creditors of PWM would increase.

The claim is progressing but has not been resolved, and accordingly, the Joint Supervisors have previously extended the period of the CVA to 1 June 2018 to allow them to continue to pursue this claim.

4 Office Holders' 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 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 £26,148, representing 80 hours at an average rate of £325 per hour. This includes tax, VAT and pensions advice from KPMG LLP in-house specialists. Disbursements of £71 were also incurred, also shown at Appendix 2.

The Joint Supervisors have not drawn any fees during the Period. Fees drawn to date are £357,000.

The Proposal estimated that the total fees to be paid to the Supervisors would be £200,000 plus outlays and VAT thereon. The Joint Supervisors' time costs for the CVA to date are £385,718 and it is anticipated that these costs will increase to £425,000 by the time the CVA is concluded. These costs are higher than anticipated, predominantly as a result of increased time required in the agreement of creditors' claims and the time taken in dealing with the landfill tax claim.

The estimated future costs relate to progressing the landfill tax claim, making a further distribution to creditors and dealing with statutory obligations, including corporation tax, and management of the case.

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.

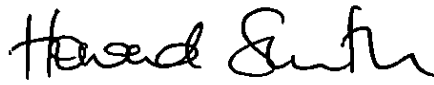
5 Future conduct of the Arrangement

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:

- resolution of the ongoing landfill tax claim;
- agreement of remaining creditors' claims;
- a further 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

30 March 2017

Howard Smith
Joint Supervisor

Appendix 1 Receipts and payments account for the period 12 February 2016 to 11 February 2017

Premier Waste Management Limited - under a Voluntary Arrangement and in Liquidation			
Abstract of receipts & payments			
Statement of affairs (£)		From 12/02/2016 To 11/02/2017 (£)	From 12/02/2013 To 11/02/2017 (£)
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
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	Sundry refunds	295.61	48,776.15
	Funds received in error	NIL	36,407.95
	Funds held for employee compromise	NIL	50,000.00
		4,287.67	386,546.48
COST OF REALISATIONS			
	Employee compromise - payment	NIL	(50,000.00)
	Management team bonus	NIL	(167,508.63)
	Costs of bond release	NIL	(45,971.48)
	Repayment of funds rec'd in error	NIL	(36,407.95)
	Supervisors' fees	NIL	(357,000.00)
	Agents'/Valuers' fees	NIL	(5,836.50)
	Agents'/Valuers' disbursements	NIL	(15,187.33)
	Legal fees	(1,354.00)	(10,455.00)
	Legal disbursements	(150.00)	(150.00)
	Corporation tax	(7,476.12)	(14,802.79)
	VAT interest	NIL	(245.29)
	Insurance of assets	NIL	(464.28)
	Bank charges	NIL	(230.00)
		(8,980.12)	(704,259.25)

Premier Waste Management Limited - under a Voluntary Arrangement and in Liquidation

Abstract of receipts & payments

Statement of affairs (£)		From 12/02/2016 To 11/02/2017 (£)	From 12/02/2013 To 11/02/2017 (£)
UNSECURED CREDITORS			
(3,876,626.00)	Trade & expense	NIL	(914,328.25)
(797,230.00)	Employees	NIL	(47,168.25)
(1,484,440.00)	Barclays Mercantile	NIL	(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	NIL	(381,202.49)
(5,872.00)	Finance lease	NIL	(296,479.07)
(12,500,000.00)	Pension scheme	NIL	(7,884,650.00)
(828,420.00)	Operating lease	NIL	NIL
	National Insurance Fund	NIL	(74,158.89)
		NIL	(10,128,223.74)
DISTRIBUTIONS			
(500,000.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(19,066,993.00)		(4,692.45)	1,264,616.96
REPRESENTED BY			
	Floating ch. VAT rec'able		6,295.77
	Supervisors trust account		1,264,346.16
	Employee trust account		NIL
	Floating ch. VAT payable		(54,318.20)
	Floating ch. VAT control		48,293.23
			1,264,616.96

Appendix 2 Time cost analysis and expenses for the period from 12 February 2016 to 11 February 2017

SIP 9 –Time costs analysis (12/02/2016 to 11/02/2017)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	4.40	1,332.00	302.73
Reconciliations (& IPS accounting reviews)	3.30	1,041.00	315.45
General			
Books and records	0.10	51.00	510.00
Fees and WIP	3.00	615.00	205.00
Statutory and compliance			
Appointment and related formalities	3.15	844.50	268.10
Checklist & reviews	5.95	1,900.00	319.33
Statutory receipts and payments accounts	1.80	391.50	217.50
Strategy documents	12.15	3,937.50	324.07
Tax			
Post appointment corporation tax	8.65	3,075.50	355.55
Post appointment VAT	1.85	461.75	249.59
Creditors			
Creditors and claims			
Agreement of unsecured claims	5.30	1,563.50	295.00
General correspondence	9.50	3,538.00	372.42
Legal claims	0.50	255.00	510.00
Statutory reports	18.35	5,892.75	321.13
Investigation			
Investigations			
Review of pre-appt transactions	1.00	560.00	560.00
Realisation of assets			
Asset Realisation			
Other assets	1.40	689.00	492.14
Total in period	80.40	26,148.00	325.22
Brought forward time (appointment date to SIP 9 period start date)	1,164.50	359,570.25	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	80.40	26,148.00	
Carry forward time (appointment date to SIP 9 period end date)	1,244.90	385,718.25	

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

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Postage	71.24		NIL		71.24
Total	71.24		NIL		71.24

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 from 12 February 2016 to 11 February 2017

Charge-out rates (£) for: Restructuring		
Grade	From 01 Oct 2015 £/hr	From 01 Nov 2016 £/hr
Partner	595	625
Director	535	560
Senior Manager	485	510
Manager	405	425
Senior Administrator	280	295
Administrator	205	215
Support	125	131

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