

# CVA3

## Notice of supervisor's progress report in voluntary arrangement



Companies House

SATURDAY



A13 \*A82U4NW2\* #231  
06/04/2019  
COMPANIES HOUSE

### 1 Company details

Company number 03616068  
Company name in full Premier Waste Management 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, 1 Sovereign Square  
Street Sovereign Street  
Post town Leeds  
County/Region  
Postcode LS14DA  
Country

### 4 Supervisor's name<sup>①</sup>

Full forename(s) James Ronald Alexander  
Surname Lumb

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

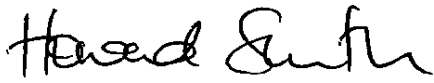
### 5 Supervisor's address<sup>②</sup>

Building name/number KPMG LLP, 1 Sovereign Square  
Street Sovereign Street  
Post town Leeds  
County/Region  
Postcode LS14DA  
Country

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

## CVA3

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<b>6</b>	<b>Date of voluntary arrangement</b>																	
Date	d	1	d	2	m	0	m	2	y	2	y	0	y	1	y	3		
<b>7</b>	<b>Period of progress report</b>																	
Date from	d	1	d	2	m	0	m	2	y	2	y	0	y	1	y	8		
Date to	d	1	d	1	m	0	m	2	y	2	y	0	y	1	y	9		
<b>8</b>	<b>Progress report</b>																	
<input checked="" type="checkbox"/> I attach a copy of the progress report																		
<b>9</b>	<b>Sign and date</b>																	
Supervisor's signature	Signature																	
	X  X																	
Signature date	d	0	d	4	m	0	m	4	y	2	y	0	y	1	y	9		

# 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 **Quayside House**

**110 Quayside**

Post town **Newcastle upon Tyne**

County/Region

Postcode **N E 1 3 D X**

Country

DX

Telephone **Tel +44 (0) 191 401 3867**

### 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

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**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**



# Supervisors' Annual Progress Report 12 February 2018 to 11 February 2019

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

4 April 2019

# Glossary

<b>The Company and/or PWM</b>	Premier Waste Management Limited under a Company Voluntary Arrangement and in Liquidation (Company registered number 03616068)
<b>CVA</b>	Company Voluntary Arrangement
<b>CVL</b>	Creditors Voluntary Liquidation
<b>The Proposal</b>	The CVA Proposal approved by creditors on 12 February 2013
<b>The Joint Supervisors/Supervisors/ we our/us</b>	Howard Smith and James Ronald Alexander Lumb of KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
<b>The Period</b>	12 February 2018 to 11 February 2019
<b>HMRC</b>	HM Revenue & Customs
<b>FTT</b>	First Tier Tribunal (Tax)
<b>UT</b>	Upper Tribunal (Tax)
<b>Eversheds</b>	Eversheds Sutherland (International) LLP

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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 2018 to 11 February 2019 and we report as follows:

## **1 Receipts**

### **1.1 Interest received**

Bank interest of £6,127 has been received during the Period.

### **1.2 Sundry refunds**

A refund of bank charges, in the sum of £407, was received during the Period.

## **2 Payments**

### **2.1 Legal fees**

Legal fees of £1,726 have been paid to Eversheds Sutherland for advice on extending the Period of the CVA.

## **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 7 of the Proposal), the estimated claims of unsecured creditors totalled £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.

Subsequent to the date of the Statement of Affairs, the Company updated its ledgers to reflect all balances which could potentially 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. Anticipated claims in the CVA and subsequent CVL were estimated to total £18,968,000.*

As stated in the Proposal, 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.

### **3.2 Extension to the period of the CVA**

As previously reported, Premier Waste has an ongoing landfill tax claim against 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 extended the period of the CVA by a further three years, to 1 June 2021, to allow them to continue to pursue this claim. A hearing has been held before the First Tier Tribunal (Tax) and rejected. Permission has been granted to appeal the FTT's decision to the Upper Tribunal. As required by the Upper Tribunal Rules, a Notice of Appeal was served on 27 July 2018, which was formally acknowledged by the UT.

The Company is joining the appeal, together with a number of other parties, behind a lead appellant. We have been advised that an appeal has been listed for November 2019, although this could be a lengthy process.

The Joint Supervisors sought agreement from the Company's majority creditor, its pension fund, to continue to pursue the landfill tax claim. We have been advised by KPMG's Environmental Tax and Legal Services team that legal costs to continue to pursue the landfill tax claim will be approximately £17,500.

This extension is considered to be a material variation to the CVA proposal and as such a decision procedure was convened on 11 May 2018 whereby the creditors considered and granted the extension.

### **3.3 Change in office holder**

Please be advised that on 31 August 2018 an order was made in the High Court appointing James Lumb as Joint Supervisor of the Company in place of Jonathan Marston, following Jonathan Marston's resignation from KPMG LLP. In accordance with the order, creditors were given notice of the replacement of Jonathan Marston as Joint Supervisor by advertisement in the London Gazette.



## 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 and 3 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 £39,441, representing 113 hours at an average rate of £349 per hour. This includes tax, VAT and pensions advice from KPMG LLP in-house specialists.

Disbursements of £476 were also incurred during the Period, as 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 £445,598 and it is anticipated that these costs will increase to £520,000 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 time taken in pursuing the landfill tax claim and joining the subsequent appeal as outlined in section 3.2.

The estimated future costs relate to progressing the landfill tax claim appeal process, making a further distribution to creditors and dealing with statutory obligations, including corporation tax, and management of the case up until 1 June 2021.

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](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 401 3867.

## 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;
- the 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 401 3867.

Signed



Dated

4 April 2019

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Howard Smith  
Joint Supervisor

Appendix 1      Receipts and payments account for the period  
12 February 2018 to 11 February 2019

Premier Waste Management Limited - under a Voluntary Arrangement			
Abstract of receipts & payments			
Statement of affairs (£)		From 12/02/2018 To 11/02/2019 (£)	From 12/02/2013 To 11/02/2019 (£)
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
		<hr/>	<hr/>
		NIL	11,710,553.47
OTHER REALISATIONS			
	Bank interest, gross	6,126.58	102,657.53
	Bank interest, net of tax	NIL	236.23
	Accrued income	NIL	156,765.03
	Sundry refunds	407.06	49,320.53
	Funds received in error	NIL	36,407.95
	Funds held for employee compromise	NIL	50,000.00
		<hr/>	<hr/>
		6,533.64	395,387.27
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	(1,725.50)	(12,180.50)
	Legal disbursements	NIL	(150.00)
	Corporation tax	NIL	(14,802.79)
	VAT interest	NIL	(245.29)
	Sundry expenses	NIL	(118.27)
	Insurance of assets	NIL	(464.28)
	Bank charges	NIL	(230.00)

**Premier Waste Management Limited - under a Voluntary Arrangement**

**Abstract of receipts & payments**

Statement of affairs (£)		From 12/02/2018 To 11/02/2019 (£)	From 12/02/2013 To 11/02/2019 (£)
		(1,725.50)	(706,103.02)
<b>UNSECURED CREDITORS</b>			
(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)
<b>DISTRIBUTIONS</b>			
(500,000.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(19,066,993.00)</b>		<b>4,808.14</b>	<b>1,271,613.98</b>
<b>REPRESENTED BY</b>			
	Floating ch. VAT rec'able		6,640.87
	Supervisors trust account		1,271,613.18
	Floating ch. VAT payable		(54,318.20)
	Floating ch. VAT control		47,678.13
			<b>1,271,613.98</b>

## Appendix 2 Time cost analysis for the period from 12 February 2018 to 11 February 2019

SIP 9 –Time costs analysis (12/02/2018 to 11/02/2019)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
General (Cashiering)	5.10	1,629.00	319.41
Reconciliations (& IPS accounting reviews)	0.70	272.50	389.29
General			
Fees and WIP	1.90	440.50	231.84
Statutory and compliance			
Checklist & reviews	12.20	4,162.50	341.19
Statutory receipts and payments accounts	2.10	758.00	360.95
Strategy documents	9.90	3,880.00	391.92
Tax			
Post appointment corporation tax	3.35	1,333.25	397.99
Post appointment VAT	7.35	2,693.50	366.46
<b>Creditors</b>			
Creditors and claims			
Agreement of unsecured claims	16.60	4,897.00	295.00
General correspondence	6.30	2,113.00	335.40
Legal claims	5.05	2,575.50	510.00
Statutory reports	41.70	14,329.25	343.63
<b>Realisation of assets</b>			
Asset Realisation			
Other assets	0.70	357.00	510.00
<b>Total in period</b>	<b>112.95</b>	<b>39,441.00</b>	<b>349.19</b>
Brought forward time (appointment date to SIP 9 period start date)	1,305.85	406,156.75	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	112.95	39,441.00	
Carry forward time (appointment date to SIP 9 period end date)	1,418.80	445,597.75	

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 incurred the following disbursements during the Period.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		201.26		NIL	201.26
External printing		175.14		NIL	175.14
Postage		99.18		NIL	99.18
<b>Total</b>		<b>475.58</b>		<b>NIL</b>	<b>475.58</b>

### 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 2018  
to 11 February 2019

<b>Charge-out rates (£) for: Restructuring</b>		
Grade	From 01 Nov 2016 £/hr	From 01 Jan 2019 £/hr
Partner	625	655
Director	560	590
Senior Manager	510	535
Manager	425	445
Senior Administrator	295	310
Administrator	215	225
Support	131	140

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