

TO ALL KNOWN CREDITORS

23 February 2024

Ref: RLL/SJW/JF/ML

RLLAdministration@uk.ey.com  
RLMWAdministration@uk.ey.com

Dear Sir or Madam

**Recycling Lives Limited**  
**RLMW Realisations Limited (formerly Recycling Lives Metal and Waste Limited)**  
**(both in Administration) ("the Companies")**

I write further to my appointment as Joint Administrator of the Companies and attach a copy of my statement of proposals in accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986.

As you will note from the proposals, there is no prospect of any funds becoming available to unsecured creditors of either of the Companies other than by virtue of the prescribed part. As a consequence, I do not propose to seek a decision on approval of the proposals from creditors.

Creditors whose debts amount to at least 10% of total debts of the either of the Companies may requisition a decision (either by a decision procedure or deemed consent procedure) on approval of the proposals if they deliver to me, within 8 business days of the date of delivery of these proposals, a request which fulfils the requirements of Rule 15.18 of the Insolvency (England and Wales) Rules 2016 (the Rules). In accordance with Rule 15.19 of the Rules, I may require a deposit as security for payment of the expenses associated with convening a decision procedure or deemed consent procedure and will not be obliged to initiate the procedure until I have received the required sum.

In the event that a decision is not requested by creditors under paragraph 52(2)(c) of the Insolvency Act 1986, the proposals will be deemed to be accepted. The Joint Administrators' remuneration and Category 2 disbursements, and unpaid pre-Administration costs incurred with a view to the Companies entering Administration, will be agreed with the secured creditors and the preferential creditors in accordance with the provisions of Rule 18.18 and Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

As the Joint Administrators propose to ask for their remuneration to be fixed on a time-cost basis, they are required to provide creditors with an estimate of the remuneration to be charged and details of expenses incurred and likely to be incurred. The information is attached as an appendix to this letter.

If there are any matters concerning the Companies' affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

Should you have any queries relating to this letter or any other aspect of the Administration, please do not hesitate to contact my colleague, James French, on +44 (0) 161 333 2765.

Yours faithfully  
for the Companies



S J Woodward  
Joint Administrator

Encs: Administrators' statement of proposals  
Fee estimate and details of expenses

S J Woodward and D C Hurd are both licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Companies are being managed by the Joint Administrators, S J Woodward and D C Hurd, who act as agents of the Companies only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Companies may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy)

**Recycling Lives Limited (“RLL”)  
RLMW Realisations Limited (“RLMW”)  
(both in Administration) (“the Companies”)**

**Fee estimate and details of expenses**

The Joint Administrators are seeking approval for their remuneration to be fixed on a time cost basis. In accordance with Rule 18.16(4) of the Insolvency (England and Wales) Rules 2016, they set out below their estimate of remuneration to be charged (excluding VAT).

<b>Company</b>	<b>Unpaid Pre-Administration Costs (£ excl. VAT)</b>	<b>Administration Fee Estimate (£ excl. VAT)</b>
Recycling Lives Limited	457,350	1,013,892
RLMW Realisations Limited	208,092	461,328
<b>Total</b>	<b>665,442</b>	<b>1,475,220</b>

An explanation of how this sum has been arrived at is set out below and a breakdown of the expected costs is attached on the following pages.

**Document structure**

1. Detailed estimate of the Joint Administrators' remuneration
2. Explanation of work proposed to be undertaken
3. Estimate of expenses expected to be incurred by the Joint Administrators
4. Explanation of the expenses anticipated to be incurred
5. Estimated return for creditors
6. Abbreviations and definitions

## 1. Detailed estimate of the Joint Administrators' remuneration

### *Recycling Lives Limited*

	Staff Grade						Total Hours	Total Cost £	Average Rate £
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Administration & Planning	16.8	18.9	11.6	27.4	134.3	43.0	252.0	162,398.05	644.6
Creditors	3.8	3.9	-	39.1	8.8	36.0	91.5	55,053.63	601.9
Employees	0.9	21.6	-	6.0	-	-	28.4	29,064.16	1,024.0
Enquiries & Investigations	1.0	3.1	14.2	9.8	26.9	15.9	70.9	45,354.00	639.9
Environmental Issues	9.2	34.3	8.2	0.1	18.0	-	69.8	67,938.18	973.5
Immediate Tasks	-	8.4	4.5	-	12.0	-	24.8	19,828.80	799.4
Legal Issues	3.8	6.6	9.0	0.1	8.9	-	28.2	25,832.20	915.2
Other Assets	0.5	2.7	7.1	-	17.0	-	27.2	19,506.30	716.2
Other Matters	2.5	9.6	5.7	4.9	22.3	7.9	53.1	37,820.65	712.7
Property	6.5	32.2	35.2	10.1	88.3	35.5	207.8	144,788.72	696.9
Reporting	9.1	20.5	20.7	32.4	77.7	25.6	186.1	129,178.56	694.2
Statutory Duties	4.5	9.7	9.2	9.8	20.5	11.4	65.2	47,828.15	733.7
VAT & Taxation	2.2	8.9	28.3	7.6	79.2	88.8	215.1	118,190.82	549.6
Sale of Business	34.0	53.0	-	-	10.0	-	97.0	111,110.00	1,145.5
<b>Total Hours</b>	<b>94.7</b>	<b>233.2</b>	<b>153.7</b>	<b>147.3</b>	<b>523.9</b>	<b>264.2</b>	<b>1,416.9</b>		
<b>Time Costs (£)</b>	133,462.52	254,179.40	146,017.42	107,514.38	282,888.39	89,830.12		<b>1,013,892.23</b>	
<b>Average Hourly Rate (£)</b>	1,410.0	1,090.0	950.0	730.0	540.0	340.0		715.6	

***RLMW Realisations Limited***

	Staff Grade						Total Hours	Total Cost £	Average Rate £
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Administration & Planning	3.4	3.9	2.4	5.6	27.5	8.8	51.6	33,262.25	644.6
Creditors	1.3	1.4	-	13.4	3.0	12.4	31.5	18,937.37	601.9
Employees	0.1	3.8	-	1.0	-	-	4.9	5,054.64	1,024.0
Enquiries & Investigations	1.0	3.1	14.2	9.8	26.9	15.9	70.9	45,354.00	639.9
Environmental Issues	0.9	3.4	0.8	0.0	1.8	-	7.0	6,793.82	973.5
Immediate Tasks	-	8.4	4.5	-	12.0	-	24.8	19,828.80	799.4
Legal Issues	3.8	6.6	9.0	0.1	8.9	-	28.2	25,832.20	915.2
Other Assets	0.5	2.7	7.1	-	17.0	-	27.2	19,506.30	716.2
Other Matters	2.5	9.6	5.7	4.9	22.3	7.9	53.1	37,820.65	712.7
Property	1.6	8.1	8.8	2.5	22.1	8.9	51.9	36,197.18	696.9
Reporting	6.1	13.7	13.8	21.6	51.8	17.1	124.1	86,119.04	694.2
Statutory Duties	4.5	9.7	9.2	9.8	20.5	11.4	65.2	47,828.15	733.7
VAT & Taxation	1.4	5.9	18.9	5.1	52.8	59.2	143.4	78,793.88	549.6
<b>Total Hours</b>	<b>27.2</b>	<b>79.9</b>	<b>94.4</b>	<b>73.9</b>	<b>266.6</b>	<b>141.6</b>	<b>683.7</b>		
<b>Time Costs (£)</b>	<b>38,416.48</b>	<b>87,132.30</b>	<b>89,696.58</b>	<b>53,976.22</b>	<b>143,954.61</b>	<b>48,152.08</b>		<b>461,328.27</b>	
<b>Average Hourly Rate (£)</b>	<b>1,410.0</b>	<b>1,090.0</b>	<b>950.0</b>	<b>730.0</b>	<b>540.0</b>	<b>340.0</b>		<b>674.7</b>	

## 2. Explanation of the work proposed to be undertaken

All time spent by staff working directly on case-related matters is charged to a time code established for each of RLL and RLMW, in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time.

In order to provide an estimate of fees, the Joint Administrators have estimated the number of hours and the grade of staff which are likely to be required to deal with each of the categories of work. The work which is proposed to be undertaken under each category is outlined below:

Category of work	Description of work to be completed
Administration & Planning	<ul style="list-style-type: none"> <li>▶ Overall management of the case and compliance monitoring.</li> <li>▶ Treasury and accounting functions including: processing payments and receipts in relation to licence to occupy arrangements in respect of the leasehold properties, processing receipts from additional asset realisations and ensuring bank accounts are reconciled regularly.</li> <li>▶ Time cost monitoring and statutory reporting.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>▶ Statutory notices to all creditors including the notice of the Joint Administrators' appointment.</li> <li>▶ Ongoing ad-hoc correspondence with creditors.</li> <li>▶ Processing distributions to the secured and preferential creditors.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>▶ Although all employees of the Companies were transferred pursuant to TUPE as part of the sale to Global Ardour Recycling Limited, certain administrative tasks may still be required to be undertaken including dealing with ad hoc enquires from former employees and other stakeholders such as former pensions providers.</li> </ul>
Enquiries & Investigations	<ul style="list-style-type: none"> <li>▶ Investigations into the Companies' affairs in accordance with Statement of Insolvency Practice 2: "Investigations by Office Holders".</li> <li>▶ Making an online submission to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986.</li> </ul>
Environmental Issues	<ul style="list-style-type: none"> <li>▶ Monitoring of compliance with environmental permits held by the Companies but used by, and in the process of being transferred to, the Purchaser, RLES or RLCS.</li> </ul>

	<ul style="list-style-type: none"> <li>▶ Meetings and correspondence with the Environmental Agency regarding the transfer of said permits.</li> </ul>
Immediate Tasks	<ul style="list-style-type: none"> <li>▶ Carrying out on appointment tasks and duties such as speaking with the Companies' directors, issuing correspondence notifying third parties of the appointment, collating information from management.</li> <li>▶ Securing digital books &amp; records and other data held by the Companies.</li> <li>▶ Completion of other work streams requiring immediate attention following appointment in order to effectively execute the strategy outlined in the Proposals.</li> </ul>
Legal Issues	<ul style="list-style-type: none"> <li>▶ Dealing with any legal issues arising in the Administrations.</li> </ul>
Other Assets	<ul style="list-style-type: none"> <li>▶ Review of the Companies' books and records to ascertain any realisable residual assets, including certain debtors and prepayments excluded from the business and assets sale.</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>▶ Other matters required to progress the Administrations of the Companies not classified under other categories.</li> </ul>
Property	<ul style="list-style-type: none"> <li>▶ Administering of licence to occupy arrangements with the Companies' leasehold and freehold properties, including: correspondence with landlords and the Purchaser in relation to monthly rental invoices, monthly reconciliations of funds held on account versus outgoings to landlords, supporting Purchasers with novation of leases.</li> </ul>
Reporting	<ul style="list-style-type: none"> <li>▶ Reporting to the secured creditors.</li> <li>▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final progress report.</li> </ul>
Statutory Duties	<ul style="list-style-type: none"> <li>▶ Completion of statutory requirements of the Administrations, including notifications to creditors and members, advertising the appointment, two letters to creditors explaining the rationale for the two pre-packaged sales of the Companies' assets pursuant to Statement of Insolvency Practice 16.</li> </ul>
VAT & Taxation	<ul style="list-style-type: none"> <li>▶ Notification to HM Revenue &amp; Customs of the Administration for VAT and Corporation Tax purposes.</li> <li>▶ Removal of RLMW from its VAT group and re-registration.</li> </ul>

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	<ul style="list-style-type: none"><li>▶ Advice from EY Tax specialists in relation to the Services sale process.</li><li>▶ Preparation of post appointment corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists.</li></ul>
Sale of Business	<ul style="list-style-type: none"><li>▶ Advising on the potential corporate and indirect tax implications of the sale of the Services business, including potential areas where there may be cash leakage from the floating charge due to tax.</li></ul>

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### 3. Estimate of expenses expected to be incurred by the Joint Administrators

Expenses expected to be incurred (including the Joint Administrators' fees) total £3,080,002 plus VAT, a breakdown of which is below:

#### Recycling Lives Limited

Type of Expense	Estimate (£)
<b>Payments made from the estate which are not disbursements (Note 1)</b>	
Administrators' fees	1,013,892.23
Legal fees	219,250.00
Agent costs	2,500.00
Licence to Occupy payments	108,391.47
Environmental consultancy costs	100,000.00
Insurance	30,000.00
Other rent	1,965.67
Statutory costs	250.00
Bank charges	750.00
Irrecoverable VAT	135,922.18
	<b>1,612,921.55</b>
<b>Category 1 disbursements (Notes 2 &amp; 3)</b>	
Specific bond	1,280.00
Postage and printing	3,000.00
	<b>4,280.00</b>
<b>Category 2 disbursements (Notes 2 &amp; 3)</b>	
Mileage	250.00
	<b>250.00</b>
<b>Pre-administration costs unpaid as at date of administration</b>	
Administrators' pre-Administration costs	457,346.19
Legal fees pre-Administration costs	59,150.00
	<b>516,496.19</b>
<b>Total</b>	<b>2,133,947.73</b>

#### RLMW Realisations Limited

Type of Expense	Estimate (£)
<b>Payments made from the estate which are not disbursements (Note 1)</b>	
Administrators' fees	461,328.27
Legal fees	54,250.00
Licence to Occupy payments	196,250.00
Insurance	15,000.00
Statutory costs	250.00
Bank charges	500.00
	<b>727,578.27</b>
<b>Category 1 disbursements (Notes 2 &amp; 3)</b>	
Specific bond	1,280.00
Postage and printing	3,000.00
	<b>4,280.00</b>
<b>Category 2 disbursements (Notes 2 &amp; 3)</b>	
Mileage	250.00
	<b>250.00</b>
<b>Pre-administration costs unpaid as at date of administration</b>	
Administrators' pre-Administration costs	208,095.81
Legal fees pre-Administration costs	5,850.00
	<b>213,945.81</b>
<b>Total</b>	<b>946,054.09</b>

## Notes

1. Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
2. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
  - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder.
  - Category 2 expenses are payments to associates or which have an element of shared costs.
3. Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2.

## 4. Explanation of the expenses anticipated to be incurred

### Expenses

The expenses incurred and anticipated to be incurred from the Company's estate can be summarised into the following categories:

Category of expense	Description of expense incurred or expected to be incurred
Administrators' fees	▶ Anticipated Joint Administrators' costs in line with the fee estimate presented earlier in this document.
Legal fees	▶ Legal advice on various matters in the Administrations, including: appointment matters, disposal of assets, environmental permits, subsequent legal matters arising in the Administrations.
Agents' fees	▶ Valuation advice in respect of the Companies' assets included in the sale of the Services business including: plant and machinery, freehold property, a remaining long lease, trademarks and other IP.
Licence to Occupy payments	▶ Payments made to landlords of the Companies' leasehold premises where a licence to occupy has been agreed with the Purchaser or Services. Under these arrangements, all outgoings for these leasehold premises are paid by the Purchaser or Services to the Joint Administrators in advance of the amounts being due to the landlords or other third parties (resulting in no net cost to the estates of the Companies).
Environmental Consultancy Costs	▶ Costs in respect of initial environmental surveys and ongoing compliance reviews of the Purchasers where RLL environmental licences are being relied on by the Purchaser or Services. Under these arrangements, all costs are reimbursed to the Joint Administrators (resulting in no net cost to the estates of the Companies).
Insurance	▶ Costs to insure the Companies' assets and operations during the Administrations, specifically relating to public liability cover for the remaining leases under LTO arrangements with the Purchaser, RLES or RLCS.
Other rent	▶ Rent due for a single leasehold held by RLL for a 12 day period whilst the potential to realise value for the lease was investigated. This lease has subsequently been surrendered.
Statutory costs	▶ Costs of completing statutory requirements of the Administrations, including advertising and filing costs.
Bank charges	▶ Charges from the operation of the Companies' post appointment bank accounts during the Administrations.
Irrecoverable VAT	▶ VAT on professional fees in relation to the sale of the shares in the Services businesses which is non-recoverable.

## **Disbursements**

Disbursements comprise of sums paid or to be paid to third parties, or payable to the Joint Administrators' firm in respect of out-of-pocket expenses and costs which include an element of shared or allocated costs.

### ***Category 1 disbursements***

Category 1 disbursements are defined as specific expenditure met by and reimbursed to the office holder's firm, relating to the Administration of the insolvent's affairs and referable to payment to an independent third party.

Category	Description of disbursement incurred or expected to be incurred
Specific penalty bond	▶ A form of insurance required by insolvency law.
Postage and printing	▶ Costs relating to printing and posting of the Joint Administrators' Proposals and other written communications to all relevant creditors and other stakeholders.

### ***Category 2 disbursements***

Category 2 disbursements are made by the office holder's firm that include elements of shared or overhead costs. A limited amount of Category 2 disbursements are anticipated to be incurred relating to mileage for the Joint Administrators and their staff, travelling to and from the Companies' premises post appointment.

## **Pre-administration costs unpaid as at the date of appointment**

Unpaid Pre-Administration costs relate to unpaid legal fees and costs incurred by the administrators in waiting in the period 6 January 2024 to 18 January 2024. These costs relate to: a) the sale of the business and assets of RLL and RLMW; and, b) planning work in anticipation of the Companies entering administration.

## 5. Estimated return for creditors

We currently estimate the following returns for creditors:

### Secured creditors

#### RBS Invoice Finance Limited (“RBS”)

At the date of appointment, RBS had indebtedness of c.£19m in relation to the Companies. RBS holds fixed and floating charges over the Companies’ assets, and its debt is cross guaranteed by other entities in the Group (excluding the Companies), which remain outside of an insolvency process.

The Joint Administrators estimate that RBS will suffer a shortfall of c.£6m against its debts in the Companies.

#### TH Frag S.a.r.l (“THF”)

THF is an entity controlled by Three Hills Capital Partners which forms part of its ownership structure in the Group. At the date of appointment, THF had secured indebtedness of c.£35m in the Companies, which comprised £23m of principle lending and interest of c.£12m. THF held very similar security to RBS but subordinated behind it.

The Joint Administrators estimate that THF will suffer a shortfall of c.£12m against its debts in the Companies.

### Preferential creditors

#### Employees

All of the Company’s employees transferred to the Purchaser as a result of the sale of the Companies’ metals division in accordance with TUPE, along with any employee arrears. Consequently, we do not anticipate that there will be any employee related preferential creditor claims against the Company.

## **HMRC**

We currently estimate a claim from HMRC, as a secondary preferential creditor, totalling £2.9m and £0.9m in RLL and RLMW respectively in respect of claims relating to PAYE, NI and VAT.

In RLL, it is currently anticipated that HMRC will suffer a shortfall in respect of its secondary preferential claim. In RLMW, we anticipate there will be insufficient realisations to enable a distribution to HMRC in respect of its secondary preferential claim.

## **Non-preferential creditors**

We have not yet received the Director's statement of affairs but, based on the Companies' books and records, we estimate that total non-preferential claims will be approximately £10.5m and £3.2m in RLL and RLMW respectively (excluding intercompany creditors).

It is anticipated that the Company will have insufficient realisations to enable a distribution to non-preferential creditors of the Company.

## 6. Abbreviations and definitions

Abbreviation	Definition
£	Pound Sterling
the Companies	RLL and RLMW together
CT	Corporation Tax
the Group	Recycling Lives Holdings Limited and its subsidiaries (including RLL, RLMW, RLES and RLCS)
HMRC	HM Revenue and Customs
the Joint Administrators	Samuel James Woodward and Daniel Christopher Hurd
the Purchaser	The purchaser of the business and assets of both RLL and RLMW, Global Ardour Recycling Limited
RBS	RBS Invoice Finance Limited
RLCS	Recycling Lives Compliance Services Limited
RLES	Recycling Lives (Environmental) Services Limited
RLL	Recycling Lives Limited (in Administration)
RLMW	RLMW Realisations Limited (in Administration)
Services/RLS	RLES and RLCS together
Three Hills/THF	TH Frag S.a.r.l (Luxembourg)
VAT	Value Added Tax