

# Joint administrators' progress report from 28 November 2020 to 27 May 2021

*Palmer & Harvey McLane Limited*  
CR-2017-008976

*Palmer & Harvey (Holdings) Plc*  
CR-2017-008977

*All in administration*

In the High Court of Justice, Business and Property  
Courts of England and Wales, Insolvency and  
Companies List (ChD)

18 June 2021

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
ABLs	Asset Based Lenders, namely Barclays Bank Plc, HSBC Invoice Finance (UK) Limited, PNC Business Credit (a trading name of PNC Financial Services UK Limited), RBS Invoice Finance Limited and Santander UK Plc
Administrators / we /us / our	Matthew Boyd Callaghan, Ian David Green and Zelf Hussain to 10 May 2019 Ian David Green and Zelf Hussain from 10 May 2019 to 19 December 2019 Zelf Hussain and Mark James Tobias Banfield from 19 December 2019
Companies	Palmer & Harvey (Holdings) Plc "Plc" Palmer & Harvey McLane Limited "PHML"
P&H / Palmer & Harvey Group	The Companies, P&H Direct Limited, Palmer & Harvey McLane (Holdings) Limited, P & H (1925) Limited "1925", P&H Snacksdirect Limited, P&H Sweetdirect Limited and P & H Direct Van Sales Limited
Group	The Companies, P&H Direct Limited, Palmer & Harvey McLane (Holdings) Limited, P&H Snacksdirect Limited, P&H Sweetdirect Limited, P & H Direct Van Sales Limited and WS Retail Limited and all other companies in the wider group
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
PPF	Pension Protection Fund
preferential creditors	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
PwC	PricewaterhouseCoopers LLP
RPS	Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by BEIS, and which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
secured creditor	A creditor with security in respect of their debt, in accordance with Section 248 IA86
Security Agent	Barclays Bank Plc, a secured creditor
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply.
SIP 2	Statement of Insolvency Practice 2: Investigations by office holders in administrations and insolvent liquidations and the submission of conduct reports by office holders. Effective from 6 April 2016.
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in

	an insolvency process
Tobacco Companies / TCs	Imperial Brands Finance Plc and Gallaher Limited
unsecured creditors	Creditors who are neither secured nor preferential
Vans business or Vans	P&H Snacksdirect Limited, P&H Sweetdirect Limited and P & H Direct Van Sales Limited collectively
Wholesale	The principal business of PHML

This report has been prepared by Mark James Tobias Banfield and Zelf Hussain as Joint Administrators of the Companies, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administrations, 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 it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Companies.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors. Any person choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the joint administrators do not assume any liability in respect of this report to any such person. Please note you should read this report in conjunction with the joint administrators' previous reports issued to the Companies creditors, which can be found at [www.pwc.co.uk/palmerharvey](http://www.pwc.co.uk/palmerharvey).

*Mark James Tobias Banfield and Zelf Hussain have been appointed as joint administrators of the Companies to manage their affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

*The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a 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. Further details are available in the privacy statement on the [PwC.co.uk](http://PwC.co.uk) website or by contacting the Joint Administrators.*

# Key messages

## Why we've sent you this report

We are writing to update you on the progress of the administration of the Companies in the six months since our last report dated 18 December 2020.

Creditors may wish to read this report in conjunction with our proposals or earlier progress reports, all of which continue to be available on our website at [www.pwc.co.uk/palmerharvey](http://www.pwc.co.uk/palmerharvey). Please email Adam Thompson at [adam.x.thompson@pwc.com](mailto:adam.x.thompson@pwc.com), if you wish to request a hard copy of the report.

## How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

Company	Secured creditors (p in the £)	Preferential creditors (p in the £)	Unsecured creditors (p in the £)
<b>PHML</b>			
This report:	ABLS 100p TCs 80-100p	100p (paid)	Up to 1p
Last report:	ABLS 100p TCs 80-100p	100p	Up to 1p
<b>Plc</b>			
This report:	ABLS 100p TCs 80-100p	N/A	Nil
Last report:	ABLS 100p TCs 80-100p	N/A	Nil

*\*Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

### **Secured creditors**

As previously reported, it is uncertain whether the secured creditors will fully be repaid their lending and accrued interest out of their security over the Group's assets. On appointment, the total value of the secured lending was £253.5m. The amount owing across the Group to the secured continues to increase as a result of the ongoing interest accrual.

At the date of appointment, the debt due to the ABLs was £187.4m, secured by way of fixed and floating charges over the Group's assets. The ABLs held first ranking security (except in 1925) and following our appointment their debt has been repaid in full.

The Tobacco Companies held second ranking security over the Group's assets and were owed £66.1m on appointment. As the ABLs' debt has been discharged in full, funds were made available for distribution to the Tobacco Companies. To date distributions totalling £63.1m have been made to the Tobacco Companies under the terms of their security, including recent distribution from the Van companies totalling c£1.5m. During the period, a distribution from 1925 of £437k was made to the Tobacco Companies and 1925 was closed on 24 February 2021. We anticipate a return of 80-100% will be achieved, however, the timing of future distributions to the Tobacco Companies is currently 6-12 months.

### **Preferential creditors**

The dividend prospects for preferential creditors in each company are as follows:

- PHML – Dividend of 100p in the £ declared on 27 April 2020 and paid on 21 July 2020.
- Plc - There are no known preferential creditors.

### **Unsecured creditors**

The estimated dividend prospects for unsecured creditors in each company is as follows:

- PHML - Prescribed part distribution of up to 1p in the £.
- Plc – No dividends to unsecured creditors are anticipated.

### **PHML**

We have started the process of adjudicating the unsecured creditor claims in PHML and estimate that it may take a further 3-4 months to complete the prescribed part distribution of up to 1p in the £ to its creditors. We expect to issue our notice of intention to distribute to creditors within the next 2 months.

## **What you need to do**

This report is for your information and you do not need to do anything.

However, if you are a creditor of PHML and have not yet submitted your unsecured claim into the administration, please send us your claim so that it can be agreed.. A claim form can be downloaded from our website at [www.pwc.co.uk/palmerandharvey](http://www.pwc.co.uk/palmerandharvey).

# Overview of what we've done to date

As explained in our earlier reports, our initial strategy was principally to mitigate the losses to the various classes of creditors, by:

- Securing and safeguarding large volumes of stock and facilitating its return to suppliers based on a commercial assessment of Retention of Title claims;
- Securing the various sites and instructing agents to begin valuing and marketing the freehold properties;
- Supporting redundant employees with processing claims against the RPS and engaging with JobCentre Plus and alternative employers looking to hire former employees;
- Locating, securing and arranging for the return of leased vehicles and other third-party assets to their owners;
- Collecting debts owed by customers;
- Quickly assessing the likelihood of any premium value in the leasehold estate and returning leasehold properties to their landlords as soon as possible where no premium value was expected; and
- Selling any assets that were identified to be owned by the Companies, the proceeds of which would firstly be used to discharge the expenses of the administrations, with any amounts remaining being available to the creditors of the Companies in accordance with the statutory order of priority.

When we last reported, the key outstanding matters in the administrations were as follows:

- Collect the remaining debtor balances owed;
- Realise the remaining assets within the administrations;
- Make further distributions to the secured creditors;
- Adjudicate unsecured claims received in PHML; and
- Make a distribution to unsecured creditors in PHML.

We provide an update of the progress made in the period in the next section of this report.

# Progress since we last reported

## Realisation of assets

### PHML - Debtors

Since my previous report to you, additional debtor receipts of £49k have been collected, taking total debtor collections for both the nationals and independents ledger to over £213m. Please note, not all of this balance has been collected through the administration accounts and therefore a lower debtor realisation figure is shown on the receipts and payments account at Appendix A. The additional debtor receipts will be transferred to the administration in due course.

Debtor receipts received into the administration bank account during the period total £327,254, these relate to collections from the prior periods held in a Barclays pre-appointment account and were transferred into the administration in the current period.

The remaining ledger balance now stands at £300k and this balance is continuing to be pursued by the administrators and where appropriate we continue to use legal advisors to assist with the recovery.

### Transfer from Santander pre-appointment bank account

During the period, funds of £1.5k were received from Santander from a transfer from a pre-appointment bank account.

### Litigation & potential further extension of the administrations of PHML & Plc

Further to our appointment as administrators, we have continued to engage with a team of legal advisers and Counsel to investigate and consider potential claims that may be brought by Plc and PHML against certain of its former professional advisors and the merits of such claims. In the event that such a claim is successful it may result in a potentially significant recovery for the estate of Plc and PHML. Legal costs of c£62k have been paid in relation to this matter in the period covered by this report.

### Cartel claim

Prior to our appointment, PHML was involved with a group action in relation to a truck cartel claim. The claim is ongoing and may not be resolved for some time, however, we understand that if successful it may result in significant additional realisations into PHML. We continue to monitor progress in relation to this matter and will provide an update on any developments in our next report.

## Employees

There remains just one employee who is continuing to assist with the ongoing debt collection. We are continuing to arrange for pension contributions to be paid to the defined contribution pension scheme and arranging with the insurer of the death in service scheme for cover to remain in place for the continuing employee.

## Other issues

During the period, an exercise was completed to recharge the costs paid by PHML on behalf of that estate. In addition, we submitted the quarterly VAT returns and submitted the tax returns for the relevant periods.

## Extension of the administration of Plc

Following the Administrators' application to the Court on 25 November 2020, an Order was granted extending the administration of Plc by 12 months to 27 November 2021.

## Connected party transactions

We have a duty (under SIP13) to disclose any disposal of assets in the administrations to a director or other connected party, regardless of the nature or value of the assets concerned. We can confirm that no such transactions have occurred, and none are expected in future.

## Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and SIP 2.



## Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administrations from 28 November 2020 to 27 May 2021, together with the receipts and payments which were reported in previous reports.

## Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in PHML because amounts due will depend on the position at the end of the tax accounting period.

## Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

## Pre-administration costs

As previously reported, we have decided not to seek approval for payment of the unpaid pre-appointment costs detailed in our proposals.

## Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by emailing Adam Thompson on [adam.x.thompson@pwc.com](mailto:adam.x.thompson@pwc.com).

## What we still need to do

Before we can finalise our work in the administrations of the Companies, we still need to deal with the following outstanding tasks:

- Collect the remaining debtor balances owed;
- Realise potential value from the remaining contingent assets within the administrations;
- Make further distributions to the secured creditors;
- Complete the adjudication of PHML's unsecured creditor claims; and
- Make a distribution to unsecured creditors in PHML.

Once the above matters are completed, we will look to make the final distributions to the secured creditors. Other matters include compliance with our statutory duties as administrators, dealing with the Companies' VAT and tax affairs and other incidental tasks associated with the winding down and ultimate dissolution of the Companies.

## Next steps

We'll provide an update on this in our next report. We expect to send our next report to creditors at the end of the administrations or in about six months, whichever is sooner.

If you've got any questions, please email [adam.x.thompson@pwc.com](mailto:adam.x.thompson@pwc.com).

Yours faithfully

For and on behalf of the Companies



Zelf Houssain  
Joint administrator

# Appendix A: Receipts and payments

PHML				
<u>Statement of affairs</u>		28 November 2017 to 27 November 2020	28 November 2020 to 27 May 2021	28 November 2017 to 27 May 2021
<b>Fixed Charge realisations</b>				
	Debtors	-	-	-
1,945,000	Freehold property	3,400,000.00	-	3,400,000.00
	Bank interest	618.30	-	618.30
		<b>3,400,618.30</b>	<b>-</b>	<b>3,400,618.30</b>
<b>Fixed Charge cost of realisations</b>		-	-	-
		-	-	-
<b>Fixed charge balance</b>		<b>3,400,618.30</b>	<b>-</b>	<b>3,400,618.30</b>
<b>Floating Charge realisations</b>				
1,989,000	Fixtures & Fittings, Office Equipment & Computers	245,831.99	-	245,831.99
237,099,000	Debtors	25,308,143.69	327,253.94	25,635,397.63
	Plant & Machinery	257,884.00	-	257,884.00
190,000	Motor Vehicles	1,157,275.68	-	1,157,275.68
	Pre-appointment bank sweep	-	1,545.90	1,545.90
	Stock	857,921.72	-	857,921.72
	Intellectual property	131,013.80	-	131,013.80
593,000	Refunds	800,250.38	-	800,250.38
359,000	Prepayments	-	-	-
	Bank Interest	89,118.27	-	89,118.27
	Suspense Account*	29,069.63	-	29,069.63
		<b>28,876,509.16</b>	<b>328,799.84</b>	<b>29,205,309.00</b>
<b>Floating Charge cost of realisations</b>				
	Sub Contractors	(137,014.40)	-	(137,014.40)
	Motor & travel expenses	(1,856.26)	-	(1,856.26)
	Professional Fees	(60,544.12)	-	(60,544.12)
	Leased equipment / hire purchase	(192,712.74)	-	(192,712.74)
	Site clearance	(191,106.10)	-	(191,106.10)
	Repairs & Maintenance	(108,010.21)	-	(108,010.21)
	Agents' fees & disbursements	(512,795.50)	-	(512,795.50)
	Duress Payments	(291,271.93)	-	(291,271.93)
	Security	(260,265.32)	-	(260,265.32)
	Software licenses, trademarks & IT	(598,884.82)	-	(598,884.82)
	Office costs, Stationery & Postage	(14,847.82)	-	(14,847.82)
	Legal Fees & disbursements	(2,421,040.85)	(29,065.05)	(2,450,105.90)
	Employee deductions from earnings	(1,701.97)	-	(1,701.97)
	Irrecoverable VAT	(13.00)	-	(13.00)
	Storage Costs	(35,204.14)	-	(35,204.14)
	Statutory advertising	(444.00)	-	(444.00)

Corporation tax	(14,061.37)		(14,061.37)
Office holders' fees	(5,900,000.00)		(5,900,000.00)
Rent	(615,481.60)	-	(615,481.60)
Utilities & Rates	(497,721.01)		(497,721.01)
Insurance	(249,661.13)	(7,589.12)	(257,250.25)
Wages & Salaries	(2,186,217.50)	(9,525.00)	(2,195,742.50)
PAYE/NIC and Pension Deductions	(1,142,402.26)	(3,840.14)	(1,146,242.40)
Employee expenses & related costs	(165,767.74)	(810.00)	(166,577.74)
Bank charges	(705.00)	-	(705.00)
Head office expenses	(3,822.50)	-	(3,822.50)
	<b>(15,603,553.29)</b>	<b>(50,829.31)</b>	<b>(15,654,382.60)</b>
Distributions			
Secured Creditors	(22,625,000.00)	-	(22,625,000.00)
Preferential creditors (100p in the £ - paid 21 July 20)	(1,448,209.38)	-	(1,448,209.38)
	<b>(24,073,209.38)</b>	<b>-</b>	<b>(24,073,209.38)</b>
<b>Floating charge balance excluding ABL funding</b>	<b>(10,800,253.51)</b>	<b>277,970.53</b>	<b>(10,522,282.98)</b>
Funding from ABLs	9,421,022.53	(99.60)	9,420,922.93
VAT control account	(582,626.38)	(2,053.94)	(584,680.32)
<b>Funds held in interest bearing Barclays account</b>	<b>1,438,760.94</b>	<b>275,816.99</b>	<b>1,714,577.93</b>

All items are stated net of VAT

\* Funds in the suspense account will be reallocated once more information is received.

**Plc**  
**Statement of**  
**affairs**

	28 November 2017 to 27 November 2020	28 November 2020 to 27 May 2021	28 November 2017 to 27 May 2021
<b>Fixed Charge realisations</b>	-	-	-
<b>Fixed Charge cost of realisations</b>	-	-	-
<b>Fixed balance</b>	-	-	-
<b>Floating Charge realisations</b>			
Refunds	86,535.03	-	86,535.03
Sundry realisations	5,633.03	-	5,633.03
Bank Interest	1,469.07	-	1,469.07
	<b>93,637.13</b>	<b>-</b>	<b>93,637.13</b>
<b>Floating Charge cost of realisations</b>			
Insurance	(14,000.00)	-	(14,000.00)
Legal fees	(69,936.84)	(61,658.25)	(131,595.09)
	<b>(83,936.84)</b>	<b>(61,658.25)</b>	<b>(145,595.09)</b>
<b>Floating charge balance excluding ABL funding</b>	<b>9,700.29</b>	<b>(61,658.25)</b>	<b>-51,957.96</b>
VAT control account	(5,595.05)	570,755.05	565,160.00
Funding from ABLs	14,000.00	-	14,000.00
<b>Funds held in interest bearing Barclays account</b>	<b>18,105.24</b>	<b>509,096.80</b>	<b>527,202.04</b>

**Notes to the R&P**

1. Amounts shown exclude VAT.
2. No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report.
3. We consider all payments made during the period to be proportionate in the context of the administration.

# Appendix B: Expenses

Expenses are defined in SIP9 as any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. 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. Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

## Category: Definition:

<b>1</b>	These are payments to persons providing the service to which the expense relates who are not an associate of the office holder.
<b>2</b>	These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

The following disbursements arose in the period of this report.

Category	Policy	PHML £	PLC £
1	Postage	6.73	-
1	Storage	11,031.26	-
<b>Total</b>		<b>11,037.99</b>	<b>-</b>

Our expenses policy allows for all properly incurred disbursements to be recharged to the administration but only once the appropriate approval has been received.

Approval for Category 2 expenses was obtained from the secured creditor and preferential creditors at the same time as approval for our fees.

IR16 defines expenses as all fees, costs, charges and other expenses incurred in the course of the administration. The table below therefore provides details of our expenses properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table below should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

We confirm that we do not consider any of the parties to whom expenses have or will be paid to be associates. All transactions are on a purely commercial basis and parties have been chosen based on their expertise in accordance with the needs of the administration.

PHML	Brought forward from 27 May 2020 (£)	Incurred in the period under review (£)	Cumulative (£)	Estimated future (£)	Anticipated total (£)	Initial estimate (£)	Variance (£)
Bank charges	705	-	705	90	795	600	195
Office holders' fees	5,900,000	-	5,900,000	89,406	5,989,406	5,989,406	-
Office holders' expenses	77,247	11,038	88,285	6,000	94,285	49,515	44,769
Legals	2,421,041	29,065	2,450,106	50,000	2,500,106	2,230,370	269,736
Agents - asset realisations	512,796	-	512,796	5,000	517,796	421,930	95,865
Rent	615,482	-	615,482	-	615,482	582,638	32,844

Gross salaries	3,328,620	13,365	3,341,985	8,000	3,349,985	3,452,987	(103,002)
Employee expenses	165,768	810	166,578	-	166,578	53,154	113,423
Subcontractors	137,014	-	137,014	-	137,014	148,254	(11,239)
Petty cash	3,823	-	3,823	-	3,823	1,250	2,573
Motor and travel expenses	1,856	-	1,856	-	1,856	3,029	(1,172)
Lease/Hire payments	192,713	-	192,713	-	192,713	160,620	32,093
IT costs	598,738	-	598,738	-	598,738	221,830	376,908
Utilities and rates	495,006	-	495,006	5,000	500,006	735,448	(235,442)
Insurance	249,661	7,589	257,250	13,000	270,250	305,551	(35,301)
Repairs and maintenance	108,010	-	108,010	-	108,010	129,047	(21,037)
Site clearance	191,106	-	191,106	-	191,106	212,760	(21,654)
Duress payments	291,272	-	291,272	-	291,272	222,048	69,224
Postage and stationary	14,848	-	14,848	-	14,848	14,076	772
Advertising	444	-	444	-	444	444	-
Storage costs	35,204	-	35,204	-	35,204	27,353	7,851
Security	260,265	-	260,265	-	260,265	319,416	(59,150)
Professional fees	60,544	-	60,544	-	60,544	49,431	11,113
TV licence	147	-	147	-	147	147	-
Pre administration costs	93,019	-	93,019	-	93,019	93,019	-
Corporation tax	13,291	-	13,291	-	13,291	-	13,291
<b>Total (excl VAT)</b>	<b>15,768,618</b>	<b>61,867</b>	<b>15,830,485</b>	<b>176,496</b>	<b>16,006,981</b>	<b>15,424,322</b>	<b>582,660</b>

<i>Plc</i>	Brought forward from 27 May 2020 (£)	Incurred in the period under review (£)	Cumulativ e (£)	Estimated future (£)	Anticipated total (£)	Initial estimate (£)	Variance (£)
Bank charges	-	-	-	15	15	203	(188)
Office holders fees	-	-	-	28,679	28,679	28,679	-
Office holders expenses	781	-	781	200	981	744	236
Legals	69,937	61,658	131,595	5,000	136,595	23,000	113,595
Insurance	14,000	-	14,000	-	14,000	14,000	-
Pre administration costs	4,465	-	4,465	-	4,465	4,465	-
<b>Total (excl VAT)</b>	<b>89,182</b>	<b>61,658</b>	<b>150,840</b>	<b>33,894</b>	<b>184,734</b>	<b>71,091</b>	<b>113,643</b>

*Note - where the initial estimates have been exceeded, this is due to the complexity and length of the administration being greater than anticipated at the outset of the administration. The administrators' remuneration continues to remain at the initial estate.*

# Appendix C: Remuneration update

Our fees in respect of all Companies were previously approved on a fixed fee basis as set out in our remuneration report for each company (which can be located on the website [www.pwc.co.uk/palmerandharvey](http://www.pwc.co.uk/palmerandharvey)) by the secured and (where applicable) the preferential creditors.

Company name	Fees approved (£)	Fees Drawn (£)
Palmer & Harvey McLane Limited	5,989,406	5,900,000
Palmer & Harvey (Holdings) Plc	28,679	-

We set out later in this Appendix details of our work to date, anticipated future work, subcontracted work and payments to associates.

## Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report.

## Our work in the period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Strategy & planning	<ul style="list-style-type: none"> <li>Six monthly manager and appointee case progression reviews</li> <li>Internal meetings &amp; updates</li> </ul>	To ensure case progression and monitoring costs	Ensures orderly progression of case and cost management
Creditors	<ul style="list-style-type: none"> <li>Liaising with creditors to provide updates</li> <li>Responding to queries</li> <li>Adjudicating creditor claims ahead of the prescribed part distribution</li> </ul>	To keep the creditors informed	Work done in anticipation of returning funds to creditors
Assets	<ul style="list-style-type: none"> <li>Collecting book debts</li> <li>Recovering refunds due into the administrations</li> <li>Monitoring potential realisations from prospective litigation and claims</li> </ul>	To ensure returns to the creditors are maximised	Realises funds for the benefit of creditors
Accounting & treasury	<ul style="list-style-type: none"> <li>Accounting for payments and receipts from the administration account</li> <li>Bank reconciliations</li> <li>Performing journals for cash movements within the P&amp;H Group</li> </ul>	To manage the bank account	Ensures proper management of the funds held
Statutory & compliance	<ul style="list-style-type: none"> <li>Filing documents</li> <li>Preparing and circulating the fifth progress report to creditors</li> </ul>	To comply with statutory obligations	Required by statute / regulation
Employees & Pensions	<ul style="list-style-type: none"> <li>Responding to queries from employees</li> <li>Payment of pension contributions</li> <li>Review of options in relation to the EBT</li> </ul>	To keep employees informed	Required by statute
Tax & VAT	<ul style="list-style-type: none"> <li>Preparing and submitting the tax returns for PHML and Plc</li> <li>Obtaining clearance in respect of Plc</li> </ul>	To comply with statutory obligations, pay tax	Required by statute and ensures the maximum recovery of input VAT and

- Preparing and submitting quarterly VAT returns
  - Preparing and submitting necessary forms to make PHML head of the VAT group
- and recover VAT which maximises realisations to creditors
- appropriate payment of corporation tax, for the benefit of creditors

## Our future work

We still need to do the following work to achieve the purpose of administration.

Area of work	Work we need to do	Whether or not the work will provide a financial benefit to creditors
Strategy & planning	<ul style="list-style-type: none"> <li>• Six monthly manager and appointee case progression reviews</li> </ul>	Incidental to proper management of the liquidation
Creditors	<ul style="list-style-type: none"> <li>• Liaising with creditors</li> <li>• Responding to queries from creditors</li> <li>• Agreeing creditor claims in PHML</li> <li>• Dividend calculations for PHML</li> <li>• Unsecured claims adjudication in PHML</li> <li>• Unsecured dividend payments in PHML</li> </ul>	Ensuring orderly return of funds to creditors
Assets	<ul style="list-style-type: none"> <li>• Collecting remaining book debts (PHML)</li> <li>• Recovering refunds due into the administrations</li> <li>• Monitoring litigation claims and potential windfalls</li> <li>• Liaising with legal advisors in relation to litigation prospects</li> <li>• Monitoring cartel claim</li> </ul>	Realises funds for the benefit of creditors
Accounting & treasury	<ul style="list-style-type: none"> <li>• Bank reconciliations</li> <li>• Accounting for payments and receipts into the case bank account</li> <li>• Payment of final distributions to the TCs</li> <li>• Closure of bank accounts</li> <li>• Dealing with unbanked dividend cheques</li> </ul>	Ensures proper management of the funds held
Statutory & compliance	<ul style="list-style-type: none"> <li>• Preparing and submitting six monthly progress reports to creditors</li> <li>• Complying with statutory filing requirements</li> <li>• Requesting a further extension of the administrations of PHML and Plc if required</li> <li>• Preparing and circulating final reports</li> </ul>	Required by statute
Employees & Pensions	<ul style="list-style-type: none"> <li>• Responding to queries from employees</li> <li>• Payment of pension contributions</li> </ul>	Required by statute
Tax & VAT	<ul style="list-style-type: none"> <li>• Submitting VAT reclaims</li> <li>• Completing tax returns in respect of PHML</li> <li>• Obtaining HMRC clearance in respect of PHML</li> </ul>	Required by statute and ensures the maximum recovery of input VAT, for the benefit of creditors
Closure	<ul style="list-style-type: none"> <li>• Obtaining clearances for closure</li> <li>• Closure procedures</li> </ul>	Required by statute, ensures all administration matters have been dealt with

## Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

## Details of subcontracted work

We have not subcontracted any work in the period covered by this report.



## Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
<b>Legal services, including:</b> <ul style="list-style-type: none"> <li>Contract renewal and debtor dispute assistance; and</li> <li>Advice on ROT claims.</li> </ul>	<ul style="list-style-type: none"> <li>Dentons UK and Middle East LLP</li> <li>DLA Piper UK LLP</li> <li>Ashurst LLP</li> <li>Hogan Lovells LLP</li> </ul>	Industry knowledge and expertise Previous company knowledge	Time costs and disbursements
<b>Chattel agents and valuers</b>	<ul style="list-style-type: none"> <li>Hilco Valuation Services</li> <li>The Fleet Auction Group</li> </ul>	Industry knowledge	% of realisations
<b>Property agents, services including:</b> <ul style="list-style-type: none"> <li>Security</li> <li>Waste collection / skip hire</li> </ul>	<ul style="list-style-type: none"> <li>Moorcroft Vacant Property Management</li> <li>ACM Environmental Plc</li> <li>Triton Securities and Facilities Management Limited</li> </ul>	Appropriateness of services and cost	Time costs and disbursements % realisations
<b>Agents, services including:</b> <ul style="list-style-type: none"> <li>Rates refunds</li> <li>Debt collection</li> </ul>	<ul style="list-style-type: none"> <li>Hilton-Baird Collection Services Limited</li> <li>CAPA UK</li> </ul>	Expertise and cost	% realisations
<b>Subcontractors and others</b> <ul style="list-style-type: none"> <li>Assisting with the collection of debtors</li> </ul>	<ul style="list-style-type: none"> <li>PG &amp; JE Limited</li> <li>JRC Consultancy Services</li> </ul>	Expertise and cost	Time costs and disbursements

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved, dependent on their fee basis, in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of legal and professional costs is appropriate.

# Appendix D: Other information

## Information applicable to all of the Companies

<b>Court details for the administration:</b>	In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
<b>Trading name:</b>	Palmer & Harvey, P&H
<b>Registered address:</b>	Current: Central Square, 8 <sup>th</sup> Floor, 29 Wellington Street, Leeds, LS1 4DL Former: P&H House, Davigdor Road, Hove, East Sussex, BN3 1RE
<b>Date of the joint administrators' appointment:</b>	28 November 2017
<b>Joint administrators' names, addresses and contact details:</b>	Zelf Hussain and Mark James Tobias Banfield, 7 More London Riverside, London, SE1 2RT Contact: Adam Thompson - Tel 0113 289 4983, email - Adam.x.thompson@pwc.com
<b>Appointer's/applicant's name and address:</b>	The directors of the Companies P&H House, Davigdor Road, Hove, East Sussex, BN3 1RE
<b>Objective being pursued by the Administrators:</b>	Objective (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or failing that, objective (c) realising the company's assets to pay a dividend to secured or preferential creditors
<b>Division of the joint administrators' responsibilities:</b>	The joint administrators may exercise any of the powers conferred on them by IA 1986 jointly or individually
<b>Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast) :</b>	The Regulation applies to this administration and the proceedings are main proceedings

## Company specific information

	PHML	Plc
<b>Court references:</b>	CR-2017-008976	CR-2017-008977
<b>Registered number:</b>	01874153	06470058