

Joint Administrators' Final progress report

Palmer & Harvey McLane (Holdings) Limited

CR-2017-008968

P & H Direct Van Sales Limited

CR-2017-008975

P&H Sweetdirect Limited

CR-2017-008972

P&H Snacksdirect Limited

CR-2017-008979

All in administration

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

23 November 2020

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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
BEIS	Department for Business, Energy & Industrial Strategy
Companies	Palmer & Harvey McLane (Holdings) Limited P & H Direct Van Sales Limited P&H Snacksdirect Limited P&H Sweetdirect Limited
EBTs	Employee benefit trusts
P&H / Palmer & Harvey Group	Palmer & Harvey (Holdings) Plc "Plc" Palmer & Harvey McLane (Holdings) Limited "Holdings" Palmer & Harvey McLane Limited "PHML" P & H (1925) Limited "1925" P & H Direct Limited "Direct" P & H Direct Van Sales Limited "DVS" P&H Snacksdirect Limited "Snacksdirect" P&H Sweetdirect Limited "Sweetdirect"
Group	The Companies, PHML, Holdings, 1925, Direct 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
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
ROT	Retention of title
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	DVS, Snacksdirect and Sweetdirect collectively

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 persons 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.

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 website or by contacting the Joint Administrators.

Key messages

Why we've sent you this report

I'm pleased to let you know that our work in the administrations of the Companies are now complete and so, I set out below our final report.

You can still view our earlier reports on our website at www.pwc.co.uk/palmerandharvey. Please get in touch with Adam Thompson on 0113 289 4983 or at adam.x.thompson@pwc.com if you wish to request a hard copy of the report.

How much creditors have received

The following table summarises the current outcome for creditors.

Company	Secured creditors (p in £)	Preferential creditors (p in £)	Unsecured creditors (p in £)
Holdings			
This report:	ABLs 100p TCs 92-100p	N/A	Nil
Last report:	ABLs 100p TCs 92-100p	N/A	Nil
Snacksdirect			
This report:	ABLs 100p TCs 92-100p	100p (paid)	0.713p (paid)
Last report:	ABLs 100p TCs 92-100p	100p (paid)	Up to 1p
Sweetdirect			
This report:	ABLs 100p TCs 92-100p	100p (paid)	1.336p (paid)
Last report:	ABLs 100p TCs 92-100p	100p (paid)	Up to 1p
DVS			
This report:	ABLs 100p TCs 92-100p	100p (paid)	1.854p (paid)
Last report:	ABLs 100p TCs 92-100p	100p (paid)	Up to 1p

Secured creditors

On appointment, the total value of the secured lending was £253.5m. The amount owing across the Group to the secured creditors continued to increase as a result of the ongoing interest accruals.

The debt due to the ABLs on appointment 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 plus interest was repaid in full by way of distributions from the companies in the P&H Group.

The Tobacco Companies held second ranking security over the Group's assets (subject to the security in 1925) and were owed £66.1m on appointment. To date distributions totalling £63.3m, from the companies in the P&H Group, have been made to the Tobacco Companies under the terms of their security.

While no further distributions will be made from the Companies, further distributions may be made from the remaining P&H Group companies, as such the anticipate the ultimate return to the Tobacco Companies is 92-100%.

Preferential creditors

The dividend paid to preferential creditors in each of the Companies was as follows:

- Snacksdirect – Dividend of 100 pence in £ paid on 21 December 2018.
- Sweetdirect – Dividend of 100 pence in £ paid on 21 December 2018.
- DVS – Dividend of 100 pence in £ paid on 21 December 2018.
- Holdings – There are no known preferential creditors.

Unsecured creditors

Snacksdirect, Sweetdirect and DVS - Payment of the prescribed part dividends to the unsecured creditors of DVS, Sweetdirect, and Snacksdirect were made as follows:

- Snacksdirect – Prescribed part dividend of 0.713 pence in the £ paid on 23 October 2020
- Sweetdirect – Prescribed part dividend of 1.336 pence in the £ paid on 23 October 2020
- DVS – Prescribed part dividend of 1.854 pence in the £ paid on 23 October 2020.

Holdings - There were no funds available to enable a distribution to its unsecured creditors.

What you need to do

This report is for your information and you don't need to do anything.

What happens next

The administration for each Company ends on 27 November 2020. In line with our proposals approved by creditors, on 23 November 2020 we filed notice of move from administration to dissolution. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies. There being no further assets to realise or funds available for distribution to creditors this was considered the most appropriate way to bring the administration of the Companies to an end in the circumstances.

As resolved by the secured creditors and (where applicable) the preferential creditors, we will be discharged from liability in respect of any of our actions as Joint Administrators after we cease to act.

Overview of our work

Why we were appointed

The Palmer & Harvey Group was the UK's largest wholesaler and distributor of grocery products, offering a range of chilled, frozen, ambient, alcohol, non-food, confectionery and tobacco products to retail multiples, convenience stores and petrol station forecourts.

The trading activity in the Palmer & Harvey Group was split into three divisions:

Wholesale (PHML): At the time of our appointment, PHML was the UK's largest delivered wholesaler to the UK convenience market. It had around 90,000 customers ranging from small local corner stores to the UK's largest supermarkets. It operated from a head office in Hove and a delivery network of 16 regional distribution centres which supplied up to 12,000 product lines.

The Wholesale business accounted for around 96% of Palmer & Harvey Group's revenue, with tobacco sales accounting for 74% of Wholesale sales in the year ended March 2017. However, non-tobacco sales generated 85% of Wholesale gross profit.

Vans (Direct, DVS, Sweetdirect and Snacksdirect): The Vans business was a distributor and seller of snacks, confectionery and soft drinks via a nationwide network of 42 depots serviced by c.320 vans and employing 416 people, with a head office in Sheffield. Its customer base consisted of c.23,000 convenience stores, group accounts and cash and carry stores, spread nationally and serviced by the depot and van network.

Retail (WS Retail Limited). WS Retail Limited operated a chain of over 100 convenience stores in the South and South West of England, trading under the 'Central Convenience' brand. WS Retail Limited (with around 1,300 employees) did not enter administration at the same time as the other group companies; instead an accelerated sale process was conducted in an attempt to rescue the business. WS Retail Limited was subsequently placed into administration on 15 December 2017.

The Vans business was linked to the Wholesale division of the Group as a number of its depots were based within larger properties which were also occupied by Wholesale, a number of supplier contracts were in the name of other Group companies and it was largely reliant on the Group's distribution network to replenish its stock levels.

In the year ended March 2017, the Vans business achieved a combined turnover of c.£100m with a marginally positive EBITDA.

Plc and Holdings were the ultimate and intermediate holding companies in the Group respectively. Their only known assets were investments in subsidiary companies and intercompany receivable balances. Both of these companies were included within the ABLs' security net. In addition, Plc had provided guarantees on certain operating contracts.

1925 was primarily a property holding company for the Palmer & Harvey Group. It owns the freehold to 10 sites. This company is also included in the ABLs' security net, although we understand that this security ranks behind other fixed charge security in favour of the pension scheme in respect of certain of these properties.

As detailed in our proposals, the Palmer & Harvey Group had failed to deliver budget for a number of years. Following poor financial performance and cash management challenges, the Group faced increasing financial pressure in early 2017.

In April 2017 the Palmer & Harvey Group agreed terms with its existing lenders, as well as its two significant suppliers to support the business and agreed to a revised financial arrangement. This allowed the Group to meet a debt repayment in April 2017 as well as making amendments to future debt repayments, covenants and other obligations. In conjunction with this agreement the Palmer & Harvey Group undertook several other actions, including starting a sales process in July 2017. A number of interested parties were approached and following indicative offers and initial due diligence, the Group's stakeholders entered negotiations with two parties.

On 27 October 2017, a non-binding memorandum of understanding was agreed between the Tobacco Companies and the prospective purchaser which would introduce significant funding into the Group. A period of exclusivity was granted by the Group during which, it was hoped, the transaction could be completed.

Unfortunately, the Group continued to face challenging trading conditions and uncertainty around the transaction, as well as associated adverse publicity during the autumn, which resulted in a number of the Group's suppliers applying standard payment terms to reduce their credit exposure. This created additional cash needs which were both sizable

and unsustainable. Despite lengthy and constructive discussions with stakeholders, efforts to restructure the Group and mitigate the significant cash flow pressures ultimately proved unsuccessful.

The Group faced an immediate liquidity need, which the Group's stakeholders were not prepared to fund. As such, the Companies were no longer able to meet their liabilities as and when they fell due. In the absence of securing additional committed ongoing funding or a sale to a third party, and in light of the ongoing poor financial performance, the directors of the Companies had no reasonable prospects of delivering a solvent solution for the Group. With no reasonable prospects of a solvent solution and the immediate cash need, the directors had no alternative but to appoint administrators to protect the interests of creditors. As a result, we were appointed as joint administrators of the Companies on 28 November 2017.

Asset realisation

After an initial review, we decided the most appropriate strategy was principally to mitigate the losses to the various classes of creditors, by:

- Collecting debts owed by customers;
- Securing and safeguarding large volumes of stock and facilitating its return to suppliers based on a commercial assessment of RoT claims;
- Seeking a purchaser for the Vans business;
- Locating, securing and arranging for the return of leased vehicles and other third party assets to their owners;
- Supporting redundant employees with processing claims against the RPS and engaging with JobCentre Plus and alternative employers looking to hire former employees;
- 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;
- 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 is expected; and
- Securing the various sites and instructing agents to begin valuing and marketing the freehold properties.

Immediately on our appointment, we deployed a team across the c.60 locations to ensure that assets were secured and within our control, assets included:

- Outstanding debtor balances;
- Stock held on site;
- Companies' vehicles;
- Intellectual property and licenses;
- Plant machinery and equipment;
- Fixtures and fittings; and
- Cash held at the bank / on site.

The Vans business

At the time of our appointment, the Companies' vans (both owned and leased) were spread across the nationwide network of depots. There was a large amount of cash held that had been collected from customers prior to our appointment. A small number of owned vans and company cars with limited value were held by employees, along with mobile phones and other equipment, all with nil value, and we spent some time dealing with these assets.

Whilst the benefits of continuing to trade would be outweighed by the costs and risks, we were aware that the Vans business could be of interest to certain third parties, albeit for a nominal value, and we quickly explored this interest to see if any sale could be possible.

Employees of the Vans business were not made redundant immediately and were instead asked to temporarily stay at home whilst discussions with interested parties could be conducted. Staff had been paid up to the end of the month. Depot staff also ensured that cash and other assets were secured such that normal trading could be resumed at a later date, if possible.

Given the temporary suspension of trade, a rapid sale of the Vans business in its entirety was the primary objective of this team in the days following our appointment. This was considered to be the best strategy as it would generate value for creditors from the business itself, but also maximise the recovery of book debts with the potential assistance of an ongoing trading business, mitigate creditor claims by preserving jobs and could reduce the cost of the administrations (compared to a closure scenario) as there would be less depots, employees and assets to deal with.

A number of parties were contacted to discuss their intentions and there were 17 expressions of interest in some or all of the business. Some 13 non-disclosure agreements were signed by interested parties, three probable buyers were identified and within three days of our appointment, one party had made a firm offer for the Vans business.

As a condition of continuing the sale process and to protect the Vans administrations from the costs of keeping the business in a temporary holding position, the prospective purchaser agreed to make non-refundable payments of £60k per day, from the date of their offer until completion, or otherwise, of a sale. Unfortunately, the sale could not be completed as the prospective purchaser chose not to proceed and on 8 December 2017 we received formal confirmation that no deal would be agreed. A total of £300k was received in non-refundable deposits, and was used to discharge the ongoing liabilities of the administrations while trading was suspended.

Due to the lack of any funding being available and there being no alternative /credible purchaser for the business it was necessary to make all depot-based employees redundant on 8 December 2017. The strategy for the Vans companies then focussing on the clearance of premises, handing back third party assets and realising value from any owned assets.

Debtors

In accordance with the terms of the ABLs' security, following our appointment the Companies' book debts were assigned to the Security Agent. On appointment, book debts outstanding for the Vans business totalled £7.8m, including £3.3m in accrued income relating to commission and rebates from suppliers. During the administration debt collections of £3.58m were achieved, which included amounts recovered in respect of accrued supplier income. The remaining debts were subject to valid set off claims or were deemed irrecoverable.

Property

The Vans business operated from 44 sites throughout England, Wales and Scotland, with the property estate comprising:

- 29 leasehold properties registered to the Vans business;
- 5 depots held under short term licence arrangements; and
- 10 depots within properties occupied by the Wholesale division.

All of the leasehold Vans properties had been vacated and the keys returned to the landlord by the end of January 2018.

Owned vehicles, fixed assets, equipment & chattels

The Companies' assets (other than non-RoT stock, debtors and property) can be categorised into vehicle fleet, fixed assets, materials handling equipment and chattels. Most of the assets were leased but a proportion of the older assets were owned.

We agreed the sale of all the owned vans, IT software, equipment and other fixtures and fittings for a total consideration of £250k, this is shown on the receipts and payments account at Appendix B for Snacksdirect split between £160k in Motor Vehicles and £90k in Sale of IT equipment.

We appointed Hilco as agents to provide a valuation and assist with the sales strategy for c.220 owned vehicles.

The majority of the fleet of owned vehicles were HGVs. Hilco worked with FLAG (auctioneers) to manage the collection of the vehicles and their subsequent sale through an auction process in January 2018. The total realisations from the sale of vehicles at auction was £1.3m. This was split between PHML and Snacksdirect, with c£1.2m received into the administration of PHML and c£28k received into the administration of Snacksdirect.

Sundry debts and refunds, including a refund of £73k into Snacksdirect for a credit card facility, were received into the administrations totalling £102k, the split of this is shown on the receipts and payments account at Appendix B.

Retention of Title

Where RoT claims were submitted, a commercial assessment was made and suppliers were contacted by members of the operations team to arrange collection of their goods from the various distribution centres.

On 19 December 2017 we contacted RoT claimants advising of the location of their stock, according to company records, and asked them to collect it. In cases where collection was not going to be possible before depots were handed back to landlords, a further letter was sent on 22 December 2017 where we provided contact details for landlords so that suppliers could liaise directly in relation to collection of stock.

Bank interest

During the administrations, bank interest totalling £8k was received, a breakdown by company can be found on the receipts and payments account at Appendix B.

Holdings

As mentioned, Holdings was an intermediate holding company in the Group, its only known assets were investments in subsidiary companies and intercompany receivable balances. No realisations were achieved.

Creditors

Secured Creditors - Since our last progress report of May 2020, we paid distributions to the TCs under the terms of their floating charge security from Snacksdirect of £504k, Sweetdirect of £398k and DVS of £628k

Unsecured Creditors - We declared and paid the first and final prescribed part distributions on 23 October 2020 to unsecured creditors as follows:

Snacksdirect - Prescribed part dividend of 0.713 pence in the £, equating to a total distribution of £114k;

Sweetdirect - Prescribed part dividend of 1.336 pence in the £, equating to a total distribution of £103k; and

DVS - Prescribed part dividend of 1.854 pence in the £, equating to a total distribution of £160k.

For any creditor who has not yet cashed their dividend cheque, we will arranged for all unclaimed dividends to be paid over to the unclaimed dividend account, and those creditors will need to contact The Insolvency Services to claim their dividend. This can be done by emailing customerservices.EAS@insolvency.gov.uk or alternatively writing to The Insolvency Service, Estate Accounts and Scanning (EAS), Unclaimed Monies Team, Cannon House, PO Box 16652, Birmingham B2 2HR. Please note that The Insolvency Service may require creditors to provide proof of ID/confirm their details to claim any amount due to them held in the Unclaimed Monies Account.

No distributions were made to creditors of Holdings.

Approval of our proposals

We issued to creditors our proposals for achieving the purpose of administration dated 18 January 2018.

We said in our proposals that we thought the Companies did not have enough assets to pay a dividend to unsecured creditors other than, in certain circumstances from the prescribed part. This meant that we did not have to seek a decision from creditors regarding the approval of our proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision to be sought, our proposals were treated as approved on 1 February 2018. We attach a summary of our proposals at Appendix A.

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 occurred during the administrations.

Investigations and actions

Nothing came to our attention during the administration to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and SIP 2.

Other matters

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods and accounted for PAYE/NI. HMRC raised no queries on our returns and has confirmed that it has no objection to the administrations ending.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administrations from 28 November 2017 to 23 November 2020.

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

Our fees

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

Pre-administration costs

As previously reported, we 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 IR16. 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 at adam.x.thompson@pwc.com

Yours faithfully



Zelf Hussain
Joint administrator

Appendix A: Summary of our proposals

The Administrators made the following proposals for achieving the purpose of administration.

1. The Administrators will continue to manage and finance the Company's business, affairs and assets from the ABL funding. We may also investigate and, if appropriate, pursue any claims the Companies might have. We'll also do anything else we think appropriate to achieve the purpose of the administration or to protect and preserve the Companies' assets or to maximise realisations or for any other purpose incidental to these proposals.
2. In any case where a dividend may be likely, if we think the costs of agreeing claims and paying a prescribed part dividend will be disproportionate to the benefits, we can apply for a court order not to pay the prescribed part to unsecured creditors.
3. If necessary to achieve the objective of the administrations and complete our work, we may seek an extension to the period of some or all of the administrations (beyond the statutory period one year), by consent of the appropriate class(es) of creditor - most likely to be the secured (and preferential creditors where appropriate) - or by an order of the court.
4. The administrations may end at different times and in different ways, depending on when the objectives are achieved, when our work is complete and what the outcomes for creditors are:
 - a. As we don't think there will be any dividend to unsecured creditors we are expecting to file notices with the Registrar of Companies to end the administrations at the appropriate time, with the respective Companies being dissolved three months later. If there were any prescribed part dividends, these would be distributed before ending that administration.
 - b. In the very unlikely event that a dividend does become available in any of the Companies other than from the prescribed parts, we may put the relevant company into creditors' voluntary liquidation so that the liquidator can pay the dividend. If this happens, we propose that Matthew Boyd Callaghan, Ian David Green and Zelf Hussain are appointed as joint liquidators and that any act required or authorised to be done by the joint liquidators can be done by any or all of them. Creditors may, before these proposals are approved, nominate a different person or persons as liquidator(s), in accordance with Paragraph 83(7)(a) Sch B1 IA86 and Rule 3.60(6) IR16.
 - c. In any case, if we think that there are matters that should be conducted or investigated in a liquidation rather than in the administration, we may instead apply for a court order ending the administration and for the company to be wound up.
5. The Administrators shall be discharged from liability in respect of any action of theirs as Administrators at a time resolved by the secured creditors, or if a distribution has been or may be made to the preferential creditors, at a time set by the secured and preferential creditors, or at a time set by the court.
6. In accordance with legislation and obtaining formal approval in due course, it will be up to the creditors' committee to formally fix the basis of our fees and certain categories of disbursements. But if there's no committee, as the Administrators have stated that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than by virtue of Section 176A IA86, it will be for the secured creditors and preferential creditors to determine these instead. If these classes of creditors or any committee do not fix the basis of our fees and disbursements, we may apply to the court to fix them not later than 18 months after the date of our appointment.

Appendix B: Receipts and payments

Sweetdirect

Statement of affairs		Notes	28/11/2017 to to 27/05/2020 £	28/05/2020 to 23/11/2020 £	28/11/2017 to 23/11/2020 £
Fixed Charge realisations					
Fixed Charge cost of realisations					
Fixed balance					
Floating Charge realisations					
847,572.00	Cash at bank		-	-	-
	Allocation of contribution to costs from potential purchaser		62,449.03	-	62,449.03
	Bank interest		1,315.44	-	1,315.44
	Refunds		-	-	-
16,140.00	Stock		-	-	-
	Third party funds		3,738.00	(3,738.00)	-
615,932.00	Book debts		972,579.22	3,738.00	976,317.22
			1,040,081.69	-	1,040,081.69
Floating Charge cost of realisations					
	Bank charges		-	(24.25)	(24.25)
	Wages		(33,574.81)	-	(33,574.81)
	Office holders' fees		(325,401.00)	-	(325,401.00)
	Office holders' disbursements		(1,270.06)	-	(1,270.06)
	Corporation tax		(129.80)	-	(129.80)
	ISA unclaimed dividend fee		-	(25.75)	(25.75)
	Irrecoverable VAT		-	(16.60)	(16.60)
	Insurance		-	(4,911.59)	(4,911.59)
	Legal fees & disbursements		(48,446.41)	(76,581.63)	(125,028.04)
	Property expenses		-	(10.62)	(10.62)
	Repairs & Maintenance		-	(1,592.30)	(1,592.30)
	Site Clearance		-	(3,466.80)	(3,466.80)
	Statutory Advertising		-	(83.00)	(83.00)
	Security		-	(4,986.66)	(4,986.66)
			(408,822.08)	(91,699.20)	(500,521.28)
Floating balance			631,259.61	(91,699.20)	539,560.41
	Funding from ABLs		33,574.81	-	33,574.81
	VAT control account		(9,689.28)	-	(9,689.28)
Distributions					
	Preferential creditors - 100p in the £	2	(62,476.80)	-	(62,476.80)
	Unsecured creditors - 1.336 p in the £	3	-	(103,203.83)	(103,203.83)
	Secured Creditors - Tobacco Companies		-	(397,765.31)	(397,765.31)
Balance of funds held		4	592,668.34	(194,903.03)	(0.00)

Notes

- 1) All items are stated net of VAT
- 2) First and final dividend to preferential creditors of 100p in £ paid on 21 December 2018.
- 3) Part - Net Property £501,019. First and final dividend to unsecured creditors 1.336 pence in the £ paid on 23 October 2020.
- 4) Funds were held in non-interest accounts with Barclays Bank plc.

DVS

Statement of affairs

Notes	28/11/2017 to to 27/05/2020 £	28/05/2020 to 23/11/2020 £	28/11/2017 to 23/11/2020 £
Fixed Charge realisations	-	-	-
Fixed Charge cost of realisations	-	-	-
Fixed balance	-	-	-
Floating Charge realisations			
1,744,962.00 Cash at bank	-	-	-
Bank interest	1,704.08	-	1,704.08
12,095.00 Stock	-	-	-
821,243.00 Book debts	1,438,317.28	100.00	1,438,417.28
Allocation of contribution to costs from potential purchaser	67,937.61	-	67,937.61
Third party funds	100.00	(100.00)	-
100.00 Motor vehicles	-	-	-
0.00 Refunds	1,140.36	-	1,140.36
	1,509,199.33	-	1,509,199.33
Floating Charge cost of realisations			
Gross wages and salaries	(49,285.05)	-	(49,285.05)
Office holders' fees	(485,050.00)	-	(485,050.00)
Office holders' disbursements	(4,447.13)	-	(4,447.13)
Bank charges	(12.50)	(24.25)	(36.75)
Insurance	-	(6,597.66)	(6,597.66)
Corporation tax	(110.49)	-	(110.49)
ISA unclaimed dividend fee	-	(25.75)	(25.75)
Irrecoverable VAT	-	(16.60)	(16.60)
Legal fees	(55,890.98)	(76,581.63)	(132,472.61)
Property Expenses	-	(14.26)	(14.26)
Rates	(652.02)	-	(652.02)
Repairs & Maintenance	-	(2,138.92)	(2,138.92)
Security	-	(6,698.50)	(6,698.50)
Site Maintenance	-	(4,656.90)	(4,656.90)
Statutory Advertising	-	(83.00)	(83.00)
	(595,448.17)	(96,837.47)	(692,285.64)
Floating balance	913,751.16	(96,837.47)	816,913.69
Funding from ABLs	49,285.05	-	49,285.05
VAT control account	(10,957.69)	-	(10,957.69)
Distributions			
Preferential creditors - 100p in the £	2 (67,979.41)	-	(67,979.41)
Unsecured creditors - 1.854p in the £	3	(160,462.33)	(160,462.33)
Secured Creditors - Tobacco Companies	-	(626,799.31)	(626,799.31)
Balance of funds held	4 884,099.11	(257,299.80)	0.00

Notes

- 1) All items are stated net of VAT
- 2) First and final dividend to preferential creditors of 100p in £ paid on 21 December 2018.
- 3) Part - Net Property £787,311. First and final dividend to unsecured creditors 1.854 pence in the £ paid on 23 October 2020.
- 4) Funds were held in non-interest accounts with Barclays Bank plc.

Snacksdirect

Statement of affairs

	Notes	28/11/2017 to to 27/05/2020 £	28/05/2020 to 23/11/2020 £	28/11/2017 to 23/11/2020 £
Fixed Charge realisations		-	-	-
Fixed Charge cost of realisations		-	-	-
Fixed balance		-	-	-
Floating Charge realisations				-
2,427,263.00 Cash at bank		-	-	-
14,707.00 Vouchers		-	-	-
11,000.00 Tangible assets - other		-	-	-
50,000.00 Intangible assets - software		-	-	-
160,000.00 Motor Vehicles		188,350.00	-	188,350.00
14,088.00 Stock		1,000.00	-	1,000.00
553,190.00 Book debts		1,163,664.16	-	1,163,664.16
13,557.00 Refunds		101,354.05	-	101,354.05
Bank Interest		4,722.86	-	4,722.86
Funding from potential purchaser		169,613.36	-	169,613.36
Sale of IT equipment		90,000.00	-	90,000.00
		1,718,704.43	-	1,718,704.43
Floating Charge cost of realisations				
Bank charges		-	(24.25)	(24.25)
Rates & utilities		(11,709.41)	(549.23)	(12,258.64)
Repairs & Maintenance		(558.92)	(6,321.69)	(6,880.61)
Office holders' fees		(511,489.00)	-	(511,489.00)
Office holders' disbursements		(9,201.68)	-	(9,201.68)
Corporation tax		(665.43)	-	(665.43)
Employee Related Costs		(243.36)	-	(243.36)
Insurance		-	(19,499.76)	(19,499.76)
Sundry Expenses		(403.92)	-	(403.92)
Agents' Fees		(123,328.03)	-	(123,328.03)
Legal fees & Expenses		(66,526.38)	(76,581.63)	(143,108.01)
Employee deductions from earnings		(192.02)	-	(192.02)
ISA unclaimed dividend fee		-	(25.75)	(25.75)
Irrecoverable VAT		(2,166.87)	(16.60)	(2,183.47)
Phone & IT services		(5,158.45)	-	(5,158.45)
Property expenses		-	(42.15)	(42.15)
Security		-	(19,797.78)	(19,797.78)
Wages		(202,072.06)	-	(202,072.06)
Storage Costs		(5,333.52)	-	(5,333.52)
Site Maintenance		-	(13,763.73)	(13,763.73)
Statutory Advertising		-	(83.00)	(83.00)
Rent		(46,401.81)	-	(46,401.81)
		(985,450.86)	(136,705.57)	(1,122,156.43)
Floating balance		733,253.57	(136,705.57)	596,548.00
VAT control account		(11,523.92)	-	(11,523.92)
Funding from ABLs		202,072.06	-	202,072.06
Distributions				
Preferential creditors - 100p in the £	2	(169,637.23)	-	(169,637.23)
Unsecured creditors - 0.713 p in the £	3	-	(113,818.53)	(113,818.53)
Secured Creditors - Tobacco Companies		-	(503,640.38)	(503,640.38)
Balance of funds held	4	754,164.48	(250,524.10)	0.00

Notes

- 1) All items are stated net of VAT
- 2) First and final dividend to preferential creditors of 100p in £ paid on 21 December 2018.
- 3) Part - Net Property £554,093. First and final dividend to unsecured creditors 0.713 pence in the £ paid on 23 October 2020.
- 4) Funds were held in non-interest accounts with Barclays Bank plc.

Holdings

Statement of affairs

	Notes	28/11/2017 to to 27/05/2020 £	28/05/2020 to 23/11/2020 £	28/11/2017 to 23/11/2020 £
Fixed Charge realisations		-	-	-
Fixed Charge cost of realisations		-	-	-
Fixed balance		-	-	-
Floating Charge realisations				
Inter-group funding	1	-	37,538.07	37,538.07
Bank interest		356.77	-	356.77
Refunds		116.25	-	116.25
		473.02	37,538.07	38,011.09
Floating Charge cost of realisations				
Inter-group funding		(318.30)	-	(318.30)
Office holders' fees		-	(28,679.00)	(28,679.00)
Office holders' disbursements		-	(2,996.91)	(2,996.91)
Floating balance		(318.30)	(31,675.91)	(31,994.21)
Floating balance		154.72	5,862.16	6,016.88
VAT control account		6,969.70	(12,986.58)	(6,016.88)
Balance of funds held	2	7,124.42	(7,124.42)	0.00

Notes

1) Funding provided by the ABL's at the outset of administration that was held by PHML. The funding was transferred to meet the officeholders fees

2) Funds were held in non-interest accounts with Barclays Bank plc.

Appendix C: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and exclude our fees and distributions to creditors.

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

Holdings	Brought forward from 27 May 2020 (£)	Incurred in the period under review (£)	Cumulative (£)	Initial estimate (£)	Variance (£)
Bank charges	-	-	-	15.00	(15.00)
Office holders fees (on a fixed fee basis)	-	28,679.00	28,679.00	28,679.00	-
Office holders expenses	2,996.91	-	2,996.91	2,960.64	36.27
Legal fees	-	-	-	23,000.00	(23,000.00)
Pre administration costs	4,464.90	-	4,464.90	4,464.90	-
Total	7,461.81	28,679.00	36,140.81	59,119.54	(22,978.73)

Snacksdirect	Brought forward from 27 May 2020 (£)	Incurred in the period under review (£)	Cumulative (£)	Initial estimate (£)	Variance (£)
Bank charges	-	24.25	24.25	15.00	9.25
Office holders fees (on a fixed fee basis)	511,489.00	-	511,489.00	511,489.00	-
Office holders expenses	12,386.87	863.85	13,250.72	6,783.00	6,467.72
Insurance	-	19,499.76	19,499.76	-	19,499.76
ISA unclaimed dividend fee	-	25.75	25.75	-	25.75
Irrecoverable VAT	-	16.60	16.60	-	16.60
Advertising	-	83.00	83.00	75.00	8.00
Corporation tax	665.43	-	665.43	-	665.43
Legal fees	66,526.38	76,581.63	143,108.01	58,466.00	84,642.01
Agents - Debt collection	120,613.71	-	120,613.71	48,240.00	72,373.71
Agents - asset realisations	2,714.32	-	2,714.32	1,811.79	902.53
Gross salaries and employee related costs	202,315.42	-	202,315.42	202,513.44	(198.02)
Storage	5,333.52	-	5,333.52	11,092.41	(5,758.89)
Rent and rates	46,401.81	-	46,401.81	51,238.84	(4,837.03)
IT and telephone	5,158.45	-	5,158.45	24,054.34	(18,895.89)
Security	558.92	19,797.78	20,356.70	31,431.40	(11,074.70)
Utilities	11,141.57	549.23	11,690.80	5,250.00	6,440.80
Other commitments	567.84	20,127.57	20,695.41	3,674.65	17,020.76
Lease/Hire payments	-	-	-	532.35	(532.35)
Pre administration costs	7,999.61	-	7,999.61	7,999.61	-
Total	993,872.85	137,569.42	1,131,442.27	964,666.83	166,775.44

Sweetdirect	Brought forward from 27 May 2020	Incurred in the period under review	Cumulative	Initial estimate	Variance
	(£)	(£)	(£)	(£)	(£)
Bank charges	-	24.25	24.25	15.00	9.25
Office holders fees (on a fixed fee basis)	325,401.00	-	325,401.00	325,401.00	-
Office holders expenses	1,438.32	241.16	1,679.48	743.88	935.60
Advertising	-	83.00	83.00	75.00	8.00
Corporation tax	129.80	-	129.80	-	129.80
Insurance	-	4,911.59	4,911.59	-	4,911.59
ISA unclaimed dividend fee	-	25.75	25.75	-	25.75
Legal fees	48,446.41	76,581.63	125,028.04	41,000.00	84,028.04
Agents - debt collection	-	-	-	48,000.00	(48,000.00)
Agents - asset realisations	-	-	-	250.00	(250.00)
Gross salaries	33,574.81	-	33,574.81	33,574.81	-
Irrecoverable VAT	-	16.60	16.60	-	16.60
Rent and rates	-	-	-	13,333.50	(13,333.50)
Security	-	4,986.66	4,986.66	26,941.20	(21,954.54)
Utilities	-	-	-	4,500.00	(4,500.00)
Other commitments	-	5,069.72	5,069.72	3,149.70	1,920.02
Lease/Hire payments	-	-	-	456.30	(456.30)
Pre administration costs	5,097.43	-	5,097.43	5,097.43	-
Total	414,087.77	91,940.36	506,028.13	502,537.82	3,490.31

DVS	Brought forward from 27 May 2020	Incurred in the period under review	Cumulative	Initial estimate	Variance
	(£)	(£)	(£)	(£)	(£)
Bank charges	12.50	24.25	36.75	15.00	21.75
Office holders fees (on a fixed fee basis)	485,050.00	-	485,050.00	485,050.00	-
Office holders expenses	4,877.98	-	4,877.98	4,015.00	862.98
Advertising	-	83.00	83.00	75.00	8.00
Corporation tax	110.49	-	110.49	-	110.49
Insurance	-	6,597.66	6,597.66	-	6,597.66
ISA unclaimed dividend fee	-	25.75	25.75	-	25.75
Irrecoverable VAT	-	16.60	16.60	-	16.60
Legal fees	55,890.98	76,581.63	132,472.61	41,000.00	91,472.61
Agents - Debt collection	-	-	-	36,000.00	(36,000.00)
Agents - asset realisations	-	-	-	1,402.53	(1,402.53)
Gross salaries	49,285.05	-	49,285.05	49,285.05	-
Rent and rates	652.02	-	652.02	13,333.50	(12,681.48)
Security	-	6,698.50	6,698.50	26,941.20	(20,242.70)
Utilities	-	-	-	4,500.00	(4,500.00)
Other commitments	-	6,810.08	6,810.08	3,149.70	3,660.38
Lease/Hire payments	-	-	-	456.30	(456.30)
Pre administration costs	7,577.93	-	7,577.93	7,577.93	-
Total	603,456.95	96,837.47	700,294.42	672,801.21	27,493.21

Appendix D: 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) by the secured and (where applicable) the preferential creditors.

Company	Fees approved (£)	Fees Drawn (£)
Holdings	28,679	28,679
DVS	485,050	485,050
Sweetdirect	325,401	325,401
Snacksdirect	511,489	511,489

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

Our work since our last progress report

In the following table we provide more detail on the key areas of work completed in the period since our last progress report to 27 May 2020.

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"> Six monthly manager and appointee case progression reviews Internal meetings & updates 	To ensure case progression and monitoring costs	Ensures orderly progression of case and cost management
Creditors	<ul style="list-style-type: none"> Liaising with creditors to provide updates and respond to queries Adjudicating claims received from unsecured creditors Declaring and paying the dividends to the unsecured creditors Liaising with the secured creditors and paying a distribution. 	To keep the creditors informed	Work done in anticipation of returning funds to creditors
Accounting & treasury	<ul style="list-style-type: none"> Accounting for payments and receipts from the administration account Bank reconciliations Bank account closure 	To manage the bank account	Ensures proper management of the funds held
Statutory & compliance	<ul style="list-style-type: none"> Filing documents Preparing and circulating the fifth progress report to creditors 	To comply with statutory obligations	Required by statute / regulation
Employees & Pensions	<ul style="list-style-type: none"> Responding to queries from employees Adjudicating the unsecured employee claims of Snacksdirect, Sweetdirect and DVS 	To keep employees informed	Required by statute
Tax & VAT	<ul style="list-style-type: none"> Preparing and submitting the tax returns for Holdings Preparing and submitting quarterly VAT returns Deregistering the Companies for VAT & finalising the VAT position. 	To comply with statutory obligations, pay tax and recover VAT which maximises realisations to creditors	Required by statute and ensures the maximum recovery of input VAT and appropriate payment of corporation tax, for the benefit of creditors

Payments to associates

We have not made any payments to associates in the period covered by this report.

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, inc room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration. Below is a summary of the disbursements incurred during the administration.

Category	Policy	Snacks £	Sweet £	DVS £	Holdings £
2	Photocopying - at up to 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	715.54	171.34	705.98	98.33
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	1,494.86	59.90	1,156.17	301.86
1	Accommodation and sustenance	1,198.19	325.81	837.19	1,289.60
1	Postage	4,579.99	653.00	965.83	88.64
1	Rail, taxi, car parking & travel fares	2,403.20	238.17	981.55	987.22
1	Storage	2,627.68			
1	Insurance	221.26	221.26	221.26	221.26
1	Bordereau	10.00	10.00	10.00	10.00
Total		13,250.72	1,679.48	4,877.98	2,996.91

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 administrations of the Companies.

Legal and other professional firms

We instructed the following professionals on this case:

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

Court details for the administration:	In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
Trading name:	Palmer & Harvey, P&H, P&H Snacksdirect, P&H Sweetdirect
Registered address:	Current: Central Square, 8 th Floor, 29 Wellington Street, Leeds, LS1 4DL Former: P&H House, Davigdor Road, Hove, East Sussex, BN3 1RE
Date of the joint administrators' appointment:	28 November 2017
Joint administrators' names, addresses and contact details:	Zelf Hussain and Mark James Tobias Banfield, 7 More London Riverside, London , SE1 2RT Contact: Adam Thompson - Tel 0113 289 4000, email - Adam.x.thompson@pwc.com
Appointer's/applicant's name and address:	The directors of the Companies P&H House, Davigdor Road, Hove, East Sussex, BN3 1RE
Objective being pursued by the Administrators:	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
Division of the joint administrators' responsibilities:	The joint administrators may exercise any of the powers conferred on them by IA 1986 jointly or individually
Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast) :	The Regulation applies to this administration and the proceedings are main proceedings

Company specific information

	Holdings	DVS	Sweetdirect	Snacksdirect
Court references:	CR-2017-008968	CR-2017-008975	CR-2017-008972	CR-2017-008979
Registered number:	02274812	08003983	06705682	01852968