

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

Palmer & Harvey McLane Limited
CR-2017-008976

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

P&H (1925) Limited
CR-2017-008978

All in administration

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

18 December 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
Companies	Palmer & Harvey (Holdings) Plc "Plc" Palmer & Harvey McLane Limited "PHML" P & H (1925) Limited "1925"
P&H / Palmer & Harvey Group	The Companies, P&H Direct Limited, Palmer & Harvey McLane (Holdings) Limited, 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 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

We are writing to update you on the progress of the administration of the Companies in the six months since our last report dated 23 June 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. Please email Adam Thompson at 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 £)
PHML			
This report:	ABLs 100p TCs 80-100p	100p (paid)	Up to 1p
Last report:	ABLs 100p TCs 92-100p	100p	Up to 1p
Plc			
This report:	ABLs 100p TCs 80-100p	N/A	Nil
Last report:	ABLs 100p TCs 92-100p	N/A	Nil
1925			
This report:	PPF 100p ABLs 100p TCs 80-100p	N/A	Nil
Last report:	PPF TBC ABLs 100p TCs 92-100p	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 be fully 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 (subject to the security in 1925) 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 £62.9m have been made to the Tobacco Companies under the terms of their security, including recent distribution from the Van companies totalling c£1.5m. 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.

The Group's defined benefit pension scheme holds first ranking security over certain assets in 1925. Since our previous report, an agreement was reached on the quantum of the pension scheme's claim and a distribution of £3.6m under terms of its fixed charge was paid which settled its secured claim in full.

Preferential creditors

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

- PHML – Dividend of 100p in the £ declared on 27 April 2020 and paid on 21 July 2020.
- Plc and 1925 – There are no known preferential creditors.

The delay in issuing PHML's preferential dividend was due to Government's restrictions to working arrangements, as a result of COVID-19 pandemic, which were in force when the dividend was declared.

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 and 1925 – No dividends to their unsecured creditors are anticipated.

PHML

We have started the process of adjudicating the unsecured creditors claims of PHML and estimate that it may take a further 3 - 6 months to complete the prescribed part distribution of up to 1p in the £ to its creditors.

What you need to do

This reports if 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 in the administration, please send us your claim so that we can agree it. A claim form can be downloaded from our website at 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 administration were as follows:

- Make a distribution to PHML's preferential creditors;
- Collect the remaining debtor balances owed;
- Realise the remaining assets within the administrations;
- Confirm the security position in 1925;
- 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 £233k 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.

The remaining ledger balance now stands at £350k 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.

1925 - Property

Wasteland in Eastbourne

This was the last property with any realisable value and during the period it was sold at auction for £380k, which was significantly higher than anticipated.

Other realisations

Sale of motor vehicle & stock

During the period funds of £3k were received from our agents in respect of an earlier sale of a motor vehicle and £264 in relation to a sale of stock.

Pensions

Following our previous report we continued to progress discussions with the pension scheme trustee and the PPF regarding the value of their security over properties owned by 1925 and the associated debt owing to the scheme. I am pleased to report that the matter has been concluded, and a first and final distribution of £3.6m has been paid to the PPF, which settles their secured claim in full.

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, prior to the closure of the Vans administrations an exercise was completed to recharge the costs paid by PHML on behalf of those estates. In addition, in line with our statutory obligations, we prepared and circulated our fifth progress report, submitted the quarterly VAT returns and submitted the tax returns for the relevant periods. We have also obtained tax clearance in respect of Plc and 1925.

Extension of the administration

Following the Administrators' application to the Court on 25 November 2020, an Order was granted extending the administrations of 1925 by 3 months to 27 February 2021 and Plc by 12 months to 27 November 2021. Note the administration of PHML was previously extended to 27 November 2021.

Closure of certain administrations

The final report for the administrations of Palmer & Harvey McLane (Holdings) Limited, P&H Snacksdirect Limited, P&H Sweetdirect Limited & P&H Direct Van Sales Limited was issued on 23 November 2020 and registered by Companies House on 5 December 2020. As resolved by the secured creditors and (where applicable) the preferential creditors, we were discharged from liability in respect of our action as Joint Administrators of these companies after we ceased to act. A copy of the final report is available to view and download at www.pwc.co.uk/palmerandharvey.

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 May 2020 to 27 November 2020, 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.

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 the remaining 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 the sooner.

If you've got any questions, please email adam.x.thompson@pwc.com.

Yours faithfully
For and on behalf of the Companies

A handwritten signature in black ink, appearing to read 'Zelf Hussain', with a stylized flourish at the end.

Zelf Hussain
Joint administrator

Appendix A: Receipts and payments

PHML Statement of affairs		28 November 2017 to 27 May 2020	28 May 2020 to 27 November 2020	28 November 2017 to 27 November 2020
Fixed Charge realisations				
	Debtors	-	-	-
1,945,000	Freehold property	3,400,000.00	-	3,400,000.00
	Bank interest	618.30	-	618.30
		3,400,618.30	-	3,400,618.30
Fixed Charge cost of realisations		-	-	-
Fixed charge balance		3,400,618.30	-	3,400,618.30
Floating Charge realisations				
1,989,000	Fixtures & Fittings, Office Equipment & Computers	245,831.99	-	245,831.99
237,099,000	Debtors	25,297,993.85	10,149.84	25,308,143.69
	Plant & Machinery	257,884.00	-	257,884.00
190,000	Motor Vehicles	1,154,275.68	3,000.00	1,157,275.68
	Stock	857,657.72	264.00	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
		28,863,095.32	13,553.84	28,876,509.166
Floating Charge cost of realisations				
	Sub Contractors	(137,014.40)	-	(137,014.40)
	Motor & travel expenses	(1,856.26)	-	(1,856.26)
	Professional Fees	(60,044.12)	(500.00)	(60,544.12)
	Leased equipment / hire purchase	(192,712.74)	-	(192,712.74)
	Site clearance	(217,083.34)	25,977.24	(191,106.10)
	Repairs & Maintenance	(142,296.65)	34,286.44	(108,010.21)
	Agents' fees & disbursements	(516,280.74)	3,485.24	(512,795.50)
	Duress Payments	(291,271.93)	-	(291,271.93)
	Security	(336,476.32)	76,211.00	(260,265.32)
	Software licenses, trademarks & IT	(598,884.82)	-	(598,884.82)
	Office costs, Stationery & Postage	(15,255.82)	408.00	(14,847.82)
	Legal Fees & disbursements	(2,676,050.74)	255,009.89	(2,421,040.85)
	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	(770.21)	(13,291.16)	(14,061.37)
	Office holders' fees	(3,000,000.00)	(2,900,000.00)	(5,900,000.00)
	Rent	(615,481.60)	-	(615,481.60)
	Utilities & Rates	(503,608.69)	5,887.68	(495,005.99)
	Insurance	(312,573.47)	62,912.34	(249,661.13)
	Wages & Salaries	(2,177,376.10)	(8,841.40)	(2,186,217.50)
	PAYE/NIC and Pension Deductions	(1,139,255.95)	(3,146.31)	(1,142,402.26)
	Employee expenses & related costs	(165,767.74)	-	(165,767.74)
	Bank charges	(690.00)	(15.00)	(705.00)
	Head office expenses	(3,822.50)	-	(3,822.50)
		(13,141,937.25)	(2,461,616.04)	(15,603,553.29)
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)
		(22,625,000.00)	(1,448,209.38)	(24,073,209.38)
Floating charge balance excluding ABL funding		(6,903,841.93)	(3,896,411.58)	(10,800,253.51)
	Funding from ABLs	9,455,145.85	(36,838.07)	(9,421,022.53)
	VAT control account	(620,461.72)	37,835.34	(582,626.38)
	Funds held in interest bearing Barclays account	5,334,175.25	(3,895,414.31)	1,438,760.94

All items are stated net of VAT

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

An exercise was completed to recharge costs paid by PHML on behalf of the Vans companies.

Plc
Statement of
affairs

	28 November 2017 to 27 May 2020	28 May 2020 to 27 November 2020	28 November 2017 to 27 November 2020
Fixed Charge realisations	-	-	-
Fixed Charge cost of realisations	-	-	-
Fixed balance	-	-	-
Floating Charge realisations			
Refunds	86,535.03	-	86,535.03
Sundry realisations	5,633.03		5,633.03
Bank Interest	1,469.07		1,469.07
	93,637.13	-	93,637.13
Floating Charge cost of realisations			
Insurance	(14,000.00)	-	(14,000.00)
Legal fees	(41,961.58)	(27,975.26)	(69,936.84)
	(55,961.58)	(27,975.26)	(83,936.84)
Floating charge balance excluding ABL funding	37,675.55	(27,975.26)	9,700.29
VAT control account	(8,392.32)	2,797.27	(5,595.05)
Funding from ABLs	14,000.00	-	14,000.00
Funds held in interest bearing Barclays account	43,283.23	(25,177.99)	18,105.24

1925

Statement of
affairs

	28 November 2017 to 27 May 2020	28 May 2020 to 27 November 2020	28 November 2017 to 27 November 2020
Fixed Charge realisations			
1,614,000 Freehold property	4,481,666.66	380,000.00	4,861,666.66
1,006,000 Fixed charge cash	-	-	-
Bank interest	39,857.77	4.88	39,862.65
67,000 Leasing land & buildings	-	-	-
	4,521,524.43	380,004.88	4,901,529.31
Fixed Charge cost of realisations			
Agents' fees & disbursements	(193,413.06)		(193,413.06)
Legal fees & disbursements	(243,829.75)	(22,462.70)	(266,292.45)
Insurance	(48,641.33)		(48,641.33)
Rent	(15,680.72)	-	(15,680.72)
	(501,564.86)	(22,462.70)	(524,027.56)
Distribution			
PPF	-	(3,613,000.00)	(3,613,000.00)
	-	(3,613,000.00)	(3,613,000.00)
Fixed Charge balance	4,019,959.57	(3,255,457.82)	764,501.75
Floating Charge realisations			
Refunds	41,160.19	2,600.00	43,760.19
	41,160.19	2,600.00	43,760.19
Floating Charge cost of realisations			
Corporation tax	(3,910.57)	(6,785.09)	(10,695.66)
Bank interest charges	(44.02)	(15.00)	(59.02)
Agents' Fees & disbursements	(10,290.05)	(200.00)	(10,490.05)
	(14,244.64)	(7,000.09)	(21,244.73)
Floating Charge balance	26,915.55	(4,400.09)	22,515.46
VAT control account	(20,696.90)	19,181.01	(1,515.89)
Funds held in interest bearing Barclays account	4,026,178.22	(3,240,676.90)	785,501.32

All items are stated net of VAT

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts 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 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. Please note certain allocations have been made across the group in relation to cost incurred by certain Company's for the benefit of other estates. Where necessary the expense tables reference the estimated future allocations, and as such the figures shown in the variance column are subject to change.

PHML	Brought forward from 27 May 2020	Incurred in the period under review	Cumulative	Estimated future	Anticipated total	Initial estimate	Variance
	(£)	(£)	(£)	(£)	(£)	(£)	(£)
Bank charges	690	15	705	90	795	600	195
Office holders' fees	3,000,000	2,900,000	5,900,000	89,406	5,989,406	5,989,406	-
Office holders' expenses	70,050	7,197	77,247	8,000	85,247	49,515	35,731
Legal fees	2,676,051	(255,010)	2,421,041	50,000	2,471,041	2,230,370	240,671
Agents - asset realisations	516,281	(3,485)	512,796	5,000	517,796	421,930	95,865
Rent	615,482	-	615,482	-	615,482	582,638	32,844
Gross salaries	3,316,632	11,988	3,328,620	8,000	3,336,620	3,452,987	(116,367)
Employee expenses	165,768	-	165,768	-	165,768	53,154	112,613
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	500,894	(5,888)	495,006	5,000	500,006	735,448	(235,442)
Insurance	312,573	(62,912)	249,661	8,500	258,161	305,551	(47,390)
Repairs and maintenance	142,297	(34,286)	108,010	-	108,010	129,047	(21,037)
Site clearance	217,083	(25,977)	191,106	-	191,106	212,760	(21,654)
Duress payments	291,272	-	291,272	-	291,272	222,048	69,224
Postage and stationary	15,256	(408)	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	336,476	(76,211)	260,265	-	260,265	319,416	(59,150)
Professional fees	60,044	500	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
Total (excl VAT)	13,299,806	2,468,813	15,768,618	173,996	15,942,614	15,424,322	518,293

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.

<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	41,962	27,975	69,937	5,000	74,937	23,000	51,937
Insurance	14,000	-	14,000	-	14,000	14,000	-
Pre administration costs	4,465	-	4,465	-	4,465	4,465	-
Total (excl VAT)	61,207	27,975	89,182	33,894	123,076	71,091	51,985

<i>1925</i>	Brought forward from 27 May 2020 (£)	Incurred in the period under review (£)	Cumulativ e (£)	Estimated future (£)	Anticipated total (£)	Initial estimate (£)	Variance (£)
Bank charges	44	15	59	15	74	15	59
Office holders fees	-	-	-	TBC	TBC	TBC	TBC
Office holders expenses	537	4	542	380	922	500	422
Insurance	48,641	-	48,641	-	48,641	48,000	641
Corporation tax	3,911	6,785	10,696	-	10,696	-	10,696
Legals	243,830	22,463	266,292	64,150	330,442	23,000	307,442
Agents fees & disbursements	145,703	200	145,903	2,500	148,403	91,500	56,903
Security & site maintenance	58,000	-	58,000	-	58,000	58,000	-
Rent	15,681	-	15,681	-	15,681	-	15,681
Pre administration costs	2,481	-	2,481	-	2,481	2,481	-
Total (excl VAT)	518,827	29,467	548,294	TBC	TBC	TBC	TBC

Appendix C: Remuneration update

Our fees in respect of all Companies except 1925 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 name	Fees approved (£)	Fees Drawn (£)
Palmer & Harvey McLane Limited	5,989,406	5,900,000
Palmer & Harvey (Holdings) Plc	28,679	-

We have not yet sought fee approval in relation to 1925. We will shortly be issuing our remuneration report for 1925 which will be uploaded to the website, www.pwc.co.uk/palmerandharvey, at the same time we seek approval from 1925's relevant approving body, being its secured creditors.

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

Payments to associates

We have not made any payments to associates in the period covered by 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"> 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 Responding to queries 	To keep the creditors informed	Work done in anticipation of returning funds to creditors
Assets	<ul style="list-style-type: none"> Collecting book debts Recovering refunds due into the administrations Liaising with agents on asset sales Obtaining valuations of assets from agents Securing and insuring the properties Seeking advice on security over certain assets in 1925 Liaising with lawyers regarding completion of property sales in 1925 	To ensure returns to the creditors are maximised	Realises funds for the benefit of creditors
Accounting & treasury	<ul style="list-style-type: none"> Accounting for payments and receipts from the administration account Bank reconciliations Performing journals for cash movements within the P&H Group 	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 • Issuing the preferential dividend payments. • Payment of pension contributions • Review of options in relation to the EBT 	To keep employees informed	Required by statute
Tax & VAT	<ul style="list-style-type: none"> • Preparing and submitting the tax returns for PHML, 1925 and plc • Obtaining clearance in respect of 1925 and Plc • Preparing and submitting quarterly VAT returns • Preparing and submitting necessary forms to make PHML head of the VAT group 	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

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"> • Six monthly manager and appointee case progression reviews 	Incidental to proper management of the liquidation
Creditors	<ul style="list-style-type: none"> • Liaising with creditors • Responding to queries from creditors • Agreeing creditor claims • Dividend calculations • Unsecured claims adjudication in PHML • Unsecured dividend payments in PHML 	Ensuring orderly return of funds to creditors
Assets	<ul style="list-style-type: none"> • Collecting remaining book debts • Recovering refunds due into the administrations 	Realises funds for the benefit of creditors
Accounting & treasury	<ul style="list-style-type: none"> • Bank reconciliations • Accounting for payments and receipts into the case bank account • Payment of final distributions to the TCs • Closure of bank accounts • Dealing with unbanked dividend cheques 	Ensures proper management of the funds held
Statutory & compliance	<ul style="list-style-type: none"> • Preparing and submitting six monthly progress reports to creditors • Complying with statutory filing requirements • Preparing and circulating final reports 	Required by statute
Employees & Pensions	<ul style="list-style-type: none"> • Responding to queries from employees • Payment of pension contributions 	Required by statute
Tax & VAT	<ul style="list-style-type: none"> • Submitting VAT reclaims • Completing tax returns in respect of PHML • Obtaining HMRC clearance in respect of PHML 	Required by statute and ensures the maximum recovery of input VAT, for the benefit of creditors
Closure	<ul style="list-style-type: none"> • Obtaining clearances for closure • Closure procedures 	Required by statute, ensures all administration matters have been dealt with

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. The following disbursements arose in the period of this report.

Category	Policy	PHML £	1925 £	PLC £
2	Printing	632.00	-	-
1	Postage	1,768.52	4.44	-
1	Storage	4,796.28		-
Total		7,196.80	4.44	-

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
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 and expertise 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 	Appropriateness of services and cost	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 Serviced Limited CAPA UK 	Expertise and cost	% 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 	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

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
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 4983, 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

	PHML	Plc	1925
Court references:	CR-2017-008976	CR-2017-008977	CR-2017-008978
Registered number:	01874153	06470058	00207555