

# Joint Administrators' progress report from 28 November 2021 to 27 May 2022

*Palmer & Harvey McLane Limited*

CR-2017-008976

*Palmer & Harvey (Holdings) Plc*

CR-2017-008977

21 June 2022

# Table of contents

<b>Abbreviations and definitions</b>	<b>3</b>
<b>Key messages</b>	<b>5</b>
<b>Overview of what we've done to date</b>	<b>7</b>
<b>Appendix A: Receipts and payments</b>	<b>10</b>
<b>Appendix B: Expenses</b>	<b>13</b>
<b>Appendix C: Remuneration update</b>	<b>16</b>
<b>Appendix D: Other information</b>	<b>20</b>

# 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, 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 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
Tobacco Companies / TCs	Imperial Brands Finance Plc and Gallaher Limited

This report has been prepared by **Zelf Hussain and Mark James Tobias Banfield** as Administrators of the Companies, solely to comply with the Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, 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 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 Administrators' previous reports issued to the Company's creditors, which can be found at [www.pwc.co.uk/palmerandharvey](http://www.pwc.co.uk/palmerandharvey). Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

**Zelf Hussain and Mark James Tobias Banfield** have been appointed as Administrators of the Company to manage its 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 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 Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

# 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 17 December 2021.

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 [uk\\_palmerharvey\\_creditors@pwc.com](mailto:uk_palmerharvey_creditors@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)	0.0978p(paid)
Last report:	ABLs 100p TCs 80-100p	100p (paid)	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

## Secured creditors

As previously reported, it is uncertain whether all 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 creditors 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, no further distributions have been made during the period covered by this report. We anticipate a return of 80-100% will be achieved, however, the timing of future distributions to the Tobacco Companies is currently 12-18 months and dependent on the outcome of the litigation discussed in a later section of this report.

## Preferential creditors

The dividend prospects (and dividends paid) for preferential creditors in each company are as follows:

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

## Unsecured creditors

A prescribed part distribution of £600,000 was distributed to the creditors of PHML on 10 February 2022, providing a return to creditors of 0.0978p in the £. There is currently no anticipated dividend to the creditors of Plc.

## **What you need to do**

This report is for your information and you don't need to do anything, however if you have received a cheque in respect of the recent distribution, please ensure that it is cashed as soon as possible, as any unclaimed dividend cheques will be paid over to the Insolvency Service in due course.

# 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.

Please note that our previous reports which covered the realisations and progress to 27 November 2021 which provide more detail are available to view and download on our case website listed earlier in this report.

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

- Collect the remaining debtor balances owed;
- Realise potential value from the remaining contingent assets within the administrations (including litigation in respect of PHML and Plc and possibly cartel claims for PHML);
- 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

## **PHML - Debtors**

Debtor realisations during the period total £46K, these monies have been paid directly into the PHML's bank account and are awaiting transfer into the administration bank account. This takes total debtor collections across both the national and independent ledgers to over £213m. As reported previously, not all of this balance was collected through the administration accounts and is therefore not all shown on the enclosed receipts and payments account. The sum of £25.74m is shown on the receipts and payments account at Appendix A as being paid directly into the administration. Book debt receipts received into the administration account in the period covered by this report were £1,413.

The remaining debtor ledger balance now stands at £194k, with these customer accounts continuing to be pursued by our legal advisors.

As reported above, the PHML bank account that has remained open for customers to continue to make payments into, currently shows an account balance of £770k. However, due to the low level of customer receipts that have been received into the bank over the past 6 months, it is deemed no longer beneficial to keep the bank account open and subsequently instruction has been provided to close the account and have the balance of monies transferred to the administration bank account. These funds are expected to be received within the next 14 days with any customer that continues to pay into the PHML bank account, being requested to pay into the administrators and/or our legal advisors bank accounts directly in order to extinguish their debt with the Company.

Please note that the £770K debtor collections held in the aforementioned bank account are included within the above collection total of over £213m.

## **Litigation update (PHML & Plc)**

During the period covered by this report, we have continued to engage with our legal advisers and Counsel to progress the potential claims outlined in our previous reports in respect of PHML and Plc. Due to the commercial sensitivity of this claim, we are unable to provide further details at this time but will update creditors further in our next report.

## **Cartel Claim (PHML)**

As previously reported, prior to our appointment, PHML was involved in a group action in relation to a truck cartel claim. If successful it may result in significant additional realisations into PHML.

As reported previously, the Competition Appeal Tribunal ("CAT") had reserved its judgement on both the UK Trucks Claim Limited's ("UKTC") application and the Road Haulage Association ("RHA") application to the CAT to bring a collective claim for damages on behalf of those who acquired new medium or heavy trucks in the UK during the 14 year period 1997 - 2011. The claim was heard over five days from 19 April 2021.

In the period between the end of the previous reporting date and the circulation of this progress report, we have received details of the CAT's judgement. The CAT held that UKTC's application for a collection proceedings order satisfied all the legal tests, including that the UKTC itself was a suitable class representative. However, the CAT also decided that the RHA's application satisfied all the legal tests as well and that it should choose between the two applications, rather than grant a collective proceedings order to both applicants. On balance, the CAT decided that the RHA's application for an opt-in collective proceedings order was preferable, consequently UKTC's application was unsuccessful.

UKTC and its legal advisors are carefully considering the CAT's judgement and the merits of an appeal. Pending any successful appeal, UKTC will not be able to pursue its application further. The Administrators will therefore continue to monitor this claim and await a decision about an appeal.

## **Sundry refunds & bank interest**

During the period covered by this report, a sundry refund of £1,815 has been received into the administration and bank interest of £1,989 has been received in the period.

## **Employees (PHML)**

As previously reported, there remains just one employee in PHML 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.

## Connected party transactions

There have been no connected party transactions in the period covered by this report.

## Other issues

During the period, we submitted the quarterly VAT returns and submitted the tax return for the relevant period.

## 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 Statement of Insolvency Practice No.2.

## Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 28 November 2021 to 27 May 2022.

## Our expenses

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

The statements exclude any potential tax liabilities that we may need to pay as administration expenses in due course 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 these cases.

## 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/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by telephoning Adam Thompson on [uk\\_palmerharvey\\_creditors@pwc.com](mailto:uk_palmerharvey_creditors@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 in PHML;
- Realise potential value from the remaining contingent assets within the administrations (including litigation in respect of PHML and Plc and possibly cartel claims for PHML); and
- Make further distributions to the secured creditors.

Once the above matters are completed, we will look to finalise matters including 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 expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with Adam Thompson, [uk\\_palmerharvey\\_creditors@pwc.com](mailto:uk_palmerharvey_creditors@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

<u>Statement of affairs</u>	28 May 2021 to 27 November 2021	28 November 2021 to 27 May 2022	28 November 2017 to 27 May 2022
<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	25,740,187.70	1,413.36	25,741,601.06
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	1,815.15	802,065.53
359,000 Prepayments	-	-	-
Bank Interest	89,118.27	1,989.46	91,107.73
Suspense Account*	29,069.63	-	29,069.63
	<b>29,310,099.07</b>	<b>5,217.97</b>	<b>29,315,317.04</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 licences, trademarks & IT	(598,884.82)	-	(598,884.82)
Office costs, Stationery & Postage	(14,847.82)	-	(14,847.82)
Legal Fees & disbursements	(2,610,533.21)	(17,653.16)	(2,628,186.37)
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	(531.00)	-	(531.00)
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	(257,250.25)	(7,589.12)	(264,839.37)
Wages & Salaries	(2,204,594.30)	(9,515.90)	(2,214,110.20)
PAYE/NIC and Pension Deductions	(1,149,182.15)	(3,450.05)	(1,152,632.20)
Employee expenses & related costs	(166,616.64)	(475.00)	(167,091.64)
Bank charges	(705.00)	(45.00)	(750.00)
Head office expenses	(3,822.50)	-	(3,822.50)
	<b>(15,826,727.36)</b>	<b>(38,728.23)</b>	<b>(15,865,455.59)</b>
<b>Distributions</b>			
Secured Creditors	(22,625,000.00)	-	(22,625,000.00)
Preferential creditors (100p in the £ - paid 21 July 20)	(1,447,331.59)	(185.96)	(1,447,517.55)
Prescribed part - unsecured creditors (0.0987p in £ - paid 10 February 2022)	-	(600,000.00)	(600,000.00)
	<b>(24,072,331.59)</b>	<b>(600,185.96)</b>	<b>(24,672,517.55)</b>
<b>Floating charge balance excluding ABL funding</b>	<b>(10,588,959.88)</b>	<b>(633,696.22)</b>	<b>(11,222,656.10)</b>
Funding from ABLs	9,420,922.93	-	9,420,922.93
VAT control account	287,493.44	(266,546.80)	20,946.64
<b>Funds held in interest bearing Barclays account</b>	<b>2,520,074.79</b>	<b>(900,243.02)</b>	<b>1,619,831.77</b>

## Notes to the R&P

Amounts shown exclude VAT.

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

We consider all payments made during the period to be proportionate in the context of the administration.

Office holders' fees are approved on a fixed fee basis.

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

<b>Plc</b>			
<b><u>Statement of affairs</u></b>	<b>28 November 2017 to 27 November 2021</b>	<b>28 November 2021 to 27 May 2022</b>	<b>28 November 2017 to 27 May 2022</b>
<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>93,637.13</b>
<b>Floating Charge cost of realisations</b>			
Insurance	(14,000.00)	-	(14,000.00)
Legal fees	(131,595.09)	(22,412.94)	(154,008.03)
	<b>(145,595.09)</b>	<b>(22,412.94)</b>	<b>(168,008.03)</b>
<b>Floating charge balance excluding ABL funding</b>	<b>(51,957.96)</b>	( 22,412.94)	<b>(74,370.90)</b>
VAT control account	(8,745.05)	(4,482.58)	(13,227.63)
Funding from ABLs	89,797.55	-	89,797.55
<b>Funds held in interest bearing Barclays account</b>	<b>29,094.54</b>	<b>(26,895.52)</b>	<b>2,199.02</b>

Amounts shown exclude VAT.

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

We consider all payments made during the period to be proportionate in the context of the administration.

Office holders' fees are approved on a fixed fee basis.

# Appendix B: Expenses

Expenses are amounts properly payable by us as administrators from the estate, but excludes our fees and distributions to creditors. These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP 9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We do not need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in the case of Plc the secured creditors and in the case of PHML the secured and preferential creditors) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses have been incurred by us as administrators or our associates in the period covered by this report, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to the case:

## Plc

No disbursements have been incurred in the period covered by this report.

## PHML

Category	Costs incurred by	Policy	Costs incurred £
2	PwC	<b>Photocopying</b> - up to 5 pence per side copied, only charged for circulars to creditors and other bulk copying.	303.89
2	PwC	<b>Mileage</b> - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	PwC	Postage	5,527.06
1	PwC	Storage	11,504.20
1	PwC	Rail fares	7.18
<b>Total</b>			<b>17,342.33</b>

Our expenses policy allows for all properly incurred disbursements to be recharged to the administrations 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.

<b>PHML</b>	<b>Brought forward from 27 November 2021</b>	<b>Incurred in the period under review</b>	<b>Cumulative</b>	<b>Estimated future</b>	<b>Anticipated total</b>	<b>Initial estimate</b>	<b>Variance</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Bank charges	705.00	45.00	750.00	90.00	840.00	600.00	240.00
Office holders fees	5,900,000.00	-	5,900,000.00	89,406.00	5,989,406.00	5,989,406.00	-
Office holders expenses	94,643.81	17,342.33	111,986.14	6,000.00	117,986.14	49,515.48	68,470.66
Legals	2,610,533.16	17,653.16	2,628,186.32	35,000.00	2,663,186.32	2,230,370.00	432,816.32
Agents - asset realisations	512,795.50	-	512,795.50	-	512,795.50	421,930.38	90,865.12
Rent	615,481.60	-	615,481.60	-	615,481.60	582,637.69	32,843.91
Gross salaries	3,353,776.31	12,965.95	3,366,742.26	6,000.00	3,372,742.26	3,452,987.03	(80,244.77)
Employee expenses	166,616.64	475.00	167,091.64	-	167,091.64	53,154.33	113,937.31
Subcontractors	137,014.40	-	137,014.40	-	137,014.40	148,253.80	(11,239.40)
Petty cash	3,822.50	-	3,822.50	-	3,822.50	1,250.00	2,572.50
Motor and travel expenses	1,856.26	-	1,856.26	-	1,856.26	3,028.58	(1,172.32)
Lease/Hire payments	192,712.74	-	192,712.74	-	192,712.74	160,619.58	32,093.16
IT costs	598,737.82	-	598,737.82	-	598,737.82	221,829.76	376,908.06
Utilities and rates	495,005.99	-	495,005.99	5,000.00	500,005.99	735,447.58	(235,441.59)
Insurance	257,250.13	7,589.12	264,839.25	25,000.00	289,839.25	305,551.19	(15,711.94)
Repairs and maintenance	108,010.21	-	108,010.21	-	108,010.21	129,046.82	(21,036.61)
Site clearance	191,106.10	-	191,106.10	-	191,106.10	212,759.69	(21,653.59)
Duress payments	291,271.93	-	291,271.93	-	291,271.93	222,048.00	69,223.93
Postage and stationary	14,847.82	-	14,847.82	-	14,847.82	14,076.28	771.54
Advertising	531.00	-	531.00	-	531.00	444.00	87.00
Storage costs	35,204.14	-	35,204.14	-	35,204.14	27,353.14	7,851.00
Security	260,265.32	-	260,265.32	-	260,265.32	319,415.58	(59,150.26)
Professional fees	60,544.12	-	60,544.12	-	60,544.12	49,431.18	11,112.94
TV licence	147.00	-	147.00	-	147.00	147.00	-
Pre administration costs	93,018.75	-	93,018.75	-	93,018.75	93,018.75	-
Corporation tax	13,291.16	-	13,291.16	-	13,291.16	-	13,291.16
<b>Total (excl VAT)</b>	<b>16,009,189.41</b>	<b>56,070.56</b>	<b>16,065,259.97</b>	<b>166,496.00</b>	<b>16,231,755.97</b>	<b>15,424,321.84</b>	<b>807,434.13</b>

Plc	Brought forward from 27 November 2021	Incurred in the period under review	Cumulative	Estimated future	Anticipated total	Initial estimate	Variance
	(£)	(£)	(£)	(£)	(£)	(£)	(£)
Bank charges	-	-	-	15.00	15.00	203.00	(188.00)
Office holders fees	-	-	-	28,679.00	28,679.00	28,679.00	-
Office holders expenses	820.65	-	820.65	200.00	1,020.65	744.38	276.27
Legals	131,594.84	22,412.94	154,007.78	20,000.00	174,007.78	23,000.00	151,007.78
Insurance	14,000.00	-	14,000.00	-	14,000.00	14,000.00	-
Pre administration costs	4,464.90	-	4,464.90	-	4,464.90	4,464.90	-
<b>Total (excl VAT)</b>	<b>150,880.39</b>	<b>22,412.94</b>	<b>173,293.33</b>	<b>48,894.00</b>	<b>222,187.33</b>	<b>71,091.28</b>	<b>151,096.05</b>

The tables also exclude 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 that an estimate for future legal costs in relation to the litigation described earlier in this report has not been provided as it is not currently possible to provide an accurate estimate, an update in respect of the legal fees will be provided in our future reports.



# 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	-

As part of our work around the investigations disclosed earlier in this report, we will be issuing a fee uplift request in connection with our work associated with the investigations and the shared costs amongst the Companies in relation to our professional advisors fees.

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. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

## Our work in the period

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
<b>Both Companies unless stated</b>			
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 in PHML ahead of the prescribed part distribution</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>	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 in PHML</li> <li>• Recovering refunds due into the administrations</li> <li>• Progressing / monitoring potential claims against third parties</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> </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 sixth 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>• Employee payroll</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</li> <li>• Preparing and submitting quarterly VAT returns</li> </ul>	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 Both Companies unless stated	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>Reissuing 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>Working closely with legal advisors, counsel, experts and factual witnesses to progress the Companies' claim against former professional advisors</li> <li>Identifying and implementing the optimal legal strategy to enhance realisations for creditors</li> <li>Managing costs and budgets to ensure funding remains available to progress ongoing litigation to include reporting to key stakeholders on claim status</li> <li>Managing costs and budgets of ongoing litigation to include reporting to key stakeholders on claim status / progress</li> <li>Monitoring litigation claims and potential windfalls</li> <li>Monitoring cartel claim in PHML</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>Dealing with unbanked dividend cheques</li> <li>Closure of bank accounts</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 these cases:

Service provided For PHML unless stated	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><li>Investigation matters</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 (also Plc)</li><li>Quinn Emmanuel Urqhart &amp; Sullivan UK 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>Debt collection</li><li>Rates refunds</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

<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 - <a href="mailto:uk_palmerharvey_creditors@pwc.com">uk_palmerharvey_creditors@pwc.com</a>
<b>Extensions to the administration:</b>	The administration of Plc and PHML has been extended by 24 months to 27 November 2023
<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