
Joint administrators' progress report
from 28 November 2017 to 27 May 2018

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

Palmer & Harvey McLane (Holdings) Limited
CR-2017-008968

Palmer & Harvey McLane Limited
CR-2017-008976

19 June 2018

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

P & H Direct Limited
CR-2017-008966

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)

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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
BEIS	Department for Business, Energy & Industrial Strategy
Companies / 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"
FLAG	The Fleet Auction Group
Group	The above Companies, WS Retail Limited and all other companies in the wider group
GVA	GVA Grimley
Hilco	Hilco Valuation Services
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
RoT	Retention of title
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

Abbreviation or definition	Meaning
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
Tobacco Companies	Imperial Brands Finance Plc and Gallaher Limited
unsecured creditors	Creditors who are neither secured nor preferential
Vans business or Vans	Direct, DVS, Snacksdirect and Sweetdirect collectively
Wholesale	The principal business of PHML

Key messages

Why we've sent you this report

We're writing to provide our first update on the progress of the administrations of the Companies in the first six months since our appointment on 28 November 2017.

We have produced one report covering several companies in order to minimise costs and for the convenience of any creditors common to each estate.

How much creditors may receive

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

Current estimate (p in £)	Secured creditors	Preferential creditors	Unsecured creditors
Palmer & Harvey McLane Limited	ABL's 73-100p TC's 0-58p	Nil	Nil
Palmer & Harvey McLane (Holdings) Limited	ABL's 73-100p TC's 0-58p	N/A	Nil
Palmer & Harvey (Holdings) Plc	ABL's 73-100p TC's 0-58p	N/A	Nil
P&H (1925) Limited	PPF TBC ABL's 73-100p TC's 0-58p	N/A	Nil
P&H Snacksdirect Limited	ABL's 73-100p TC's 0-58p	100p / £	Up to 1p / £
P&H Sweetdirect Limited	ABL's 73-100p TC's 0-58p	100p / £	Up to 1p / £
P&H Direct Limited	ABL's 73-100p TC's 0-58p	N/A	Nil
P&H Direct Van Sales Limited	ABL's 73-100p TC's 0-58p	100p / £	Up to 1p / £

**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.*

The recovery for the secured creditors is across the Group as a whole as the debts are secured by cross guarantees across the Group. The secured creditors' returns also include funds which may be available from WS Retail Limited, which is included in the cross guarantee security.

We don't think the secured creditors will be fully repaid their lending of c£253.5m, plus accrued interest out of their security over the Companies' assets.

At the date of appointment, the debt due to the ABLs was £187.4m, secured by way of fixed and floating charges over the Companies' assets. This security is first-ranking, subject to the fixed charge security in 1925 which is noted below. We currently anticipate the return to the ABLs will be between 73 and 100%, from the fixed charge realisations. The timing of distribution to the ABL's is currently 6-12 months.

The Tobacco Companies held second ranking security over the Companies' assets (subject to the security in 1925) and were owed £66.1m on appointment. Funds will be available for distribution to the Tobacco Companies in the event that the ABLs' debt (and pension scheme debt in the case of 1925) is discharged in full. We currently anticipate a return of 0-58% to the Tobacco Companies. The timing of distribution to the TC's is currently 6-12 months.

We understand that the Group's defined benefit pension scheme holds first ranking security over certain assets in 1925. As such, any realisations from these assets would be due first to the pension scheme (once costs have been discharged). We are currently liaising with the pension scheme and PPF to establish the level of the pension scheme debt and the proportion secured on the assets of 1925. The timing of any distribution under this security is dependent upon the sale of the assets covered by the charge. Further details will be provided in future reports.

Preferential creditors

According to the Companies' books and records (including the directors' statements of affairs), staff were employed in PHML, Snacksdirect, Sweetdirect and DVS, which is therefore where preferential claims are expected to arise. In addition, we understand that there are some unpaid pension contributions, part of which may be preferential.

The dividend prospects for preferential creditors in each of these companies are as follows:

- PHML – no funds available for preferential creditors
- Snacksdirect – we currently estimate that preferential creditors will be repaid in full.
- Sweetdirect – we currently estimate that preferential creditors will be repaid in full.
- DVS – we currently estimate that preferential creditors will be repaid in full.

Unsecured creditors

Dividends for creditors are only available for the following three companies from the ring-fenced prescribed part fund. We comment later on the factors that affect the outcome for creditors.

- Snacksdirect – we currently estimate a prescribed part distribution of up to 1 pence in the £ to unsecured creditors.
- Sweetdirect – we currently estimate a prescribed part distribution of up to 1 pence in the £ to unsecured creditors.
- DVS – we currently estimate a prescribed part distribution of up to 1 pence in the £ to unsecured creditors.

We do not think there will be funds available to make a distribution (even under the prescribed part) to the unsecured creditors in any of the other companies, i.e. Plc, Holdings, PHML, 1925 or Direct.

What you need to do

If you haven't already done so and your claim relates to Snacksdirect, Sweetdirect or DVS, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/palmerandharvey. If your claim is against Plc, Holdings, PHML, 1925 or Direct then this report is just for your information and you are not required to do anything.

All creditors of Snacksdirect, Sweetdirect and DVS wishing to receive the anticipated dividend payment must submit a proof of debt.

We may decide that some or all creditors who are owed £1,000 or less by the company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

A creditor who we decide is not required to submit a proof of debt will be notified (when we deliver notice of our intention to pay a dividend) of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the administration or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

Background & circumstances leading to our appointment

You'll remember from our proposals for achieving the purpose of administration that when we were appointed, the position was as follows:

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, confectionary 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.

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.

- **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. A separate progress report will be issued to the creditors of that company in due course.

Plc and Holdings were ultimate and intermediate holding companies in the Group respectively. Their only known assets are investments in subsidiary companies and inter-company receivable balances. Both of these companies are 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 a poor financial performance and cash management challenges, the Palmer & Harvey 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 financing arrangement. This allowed the Palmer & Harvey 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 sizeable 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.

Our initial strategy

The decision not to trade

The work performed prior to our appointment, in particular the contingency planning exercise, demonstrated that the Companies would not be able to trade subsequent to entering an insolvency process, because:

- Trading can only continue where the outcome for creditors is expected to be improved by continuing to do so (often by securing a sale as a going concern or an orderly wind-down).
- Ongoing trading would have required the support of the majority of major suppliers and customers. Significant suppliers to the Companies confirmed that they would not support a continuation of trade in administration. Other trade creditors were expected to immediately exert retention of title claims which would further limit any ability to operate as normal and fulfil customer orders.
- In addition to this, the majority of PHML's operational assets (including property, vehicles and MHE) were not owned by PHML and therefore limited floating charge realisations were expected to be realised for the benefit of creditors from the operational assets, compared with the ongoing costs of continuing to trade.
- Attempts to sell the businesses had been conducted in the months leading up to our appointment and it was considered highly unlikely that new interested parties would be forthcoming, or would be able to complete a transaction following an insolvency given the impact on key supplier and customer contracts.
- Trading could therefore only continue with external support and for the reasons explained above, considering the considerable funding that would have been required, there was no justification or benefit to creditors in continuing to trade and adequate funding would unlikely have been available for this purpose

Our initial strategy therefore 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 Job Centre 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;
- Freehold property;
- Stock held on site;
- Companies' vehicles;
- Intellectual property and licenses;
- Plant machinery and equipment;
- Fixtures and fittings; and
- Cash held at bank / on site.

The cost of retaining sufficient employees, operational assets and infrastructure across the network (and for the time necessary) to implement the above strategy, together with our remuneration and other professional costs, was estimated to be significant and funding was known to be required. Therefore, immediately on appointment we entered into an agreement with the ABLs that would provide a loan of up to £13.65m, repayable from any floating charge assets (as an expense of the administrations) or from the realisation of any asset subject to the ABLs' fixed charges.

We provide a more detailed update on these and other areas for the period 28 November 2017 to 27 May 2018 in the next section.

Progress since we were appointed

Employees

At the date of our appointment, the Companies employed 3,369 people across the many depot and head office locations in the UK. As the businesses did not continue to trade following our appointment, unfortunately it was necessary to make a large number of redundancies.

Wholesale employed 2,953 staff on the date of our appointment and unfortunately, it was necessary to make 2,533 of the Wholesale staff redundant. Subsequent redundancies have been made across various dates and locations, although we have currently retained 21 staff to assist with the ongoing administrations.

The Vans business employed 416 staff on the date of our appointment. The roles of employees of the Vans business were not immediately redundant as there was potential interest in acquiring that business. Whilst negotiations for a sale moved to advanced stages in just a matter of days, unfortunately a sale could not be completed and the majority of the Vans business employees were made redundant on 8 December 2017. All Vans staff have now been made redundant.

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, the total PHML debtor balance was c.£264.4m, relating to goods sold and delivered prior to our appointment.

The PHML debtors ledger comprised a "nationals" ledger totalling £243.7m across 70 accounts and an "independents" ledger totalling £20.7m across c.4,200 accounts.

Book debts outstanding for Vans on appointment totalled c.£7.8m, including c.£3.3m in accrued income relating to commission and rebates from suppliers (invoiced post appointment).

We have retained a small number of employees who are working to collect the book debts and accrued income in an organised and prioritised manner.

Immediately on our appointment we took steps to protect and secure the sales ledger. This included:

- Obtaining copies of the detailed and summary ledgers;
- Locating and securing all invoices together with supporting documentation including customer contracts, signed delivery notes and purchase orders;
- Protecting and maintaining IT systems that contain the ledgers and supporting electronic information; and
- Sending letters to all customers confirming that the bank account details remained the same as prior to our appointment and attaching the assignment notice from the Security Agent.

We also updated and reconciled P&H's ledgers to reflect adjustments to the opening balances relating to:

- Direct Debit timing adjustments;
- Goods invoiced but not delivered; and
- P&H invoicing for distribution fees that had been accrued but not invoiced pre-appointment.

As at 27 May 2018, debtors totalling c.£101.2m have been collected for PHML, with 60 of the "national" accounts now settled and c.70% of the independents ledger collected.

We are continuing to work through account reconciliations and the contractual terms of the agreements in place with a number of debtors. Where appropriate, we have engaged legal advisors to review contractual terms and to make the necessary arrangements to prepare legal proceedings in order to resolve any ongoing disputes.

We have also engaged agents, Hilton Baird, to assist in debtor collections.

To 27 May 2018, debtors totalling c£2.9m have been collected for the Vans business. This includes amounts recovered in respect of accrued supplier income and rebates.

Retention of title

On appointment, PHML held c£44m of stock across 900 supplier lines. In broad terms, this was equivalent to 65,000 pallets of stock, albeit a large number of pallets had been broken down ready to be distributed to customers. In addition, there was c£2.1m of stock within the Vans business. This was held at depots across the country, as well as an element of the stock being kept in the vans, which had to be cleared and returned to depots, both to deal with the stock and to allow the vans to be sold or returned to lessors.

Over 360 RoT claims had been received, with a value of c£41m.

In order to process this large number of claims quickly and efficiently, we set up a team dedicated to reviewing the claims, based on a set of agreed commercial criteria. The team had a core of seven PwC people to process the claims promptly, supported for operational purposes by P&H staff at head office and depots.

We immediately approved collection of stock in relation to small claims where the cost of reviewing (and potentially challenging) them would be disproportionate to the value of the stock.

On 21 December 2017, a letter was sent to all known trade suppliers to PHML (after the letter of 5 December 2017 which was circulated to all known creditors). The letter reconfirmed to suppliers the requirements for making a claim if they believed their goods were subject to RoT. All suppliers were asked to make any RoT claim by 1pm on Friday 5 January 2018.

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

Further letters were issued on 5 and 10 January 2018, requesting suppliers claiming RoT to arrange a collection slot as soon as possible. It was necessary that these collections be arranged to take place by 19 January 2018, following which properties were due to be returned to their landlords. Where suppliers did not wish to collect their goods we asked them to send us written confirmation so that alternative arrangements could be made. By 24 January 2018, all PHML warehouses had been vacated with over c£41m of RoT stock returned to suppliers. Responsibility for repatriating unreturned RoT stocks after this date was passed to the respective landlords.

Overall, we have made extensive efforts to identify and contact suppliers, assist in dealing with their RoT claims and facilitated the return of a significant quantity and value of stock. This work has both mitigated the level of PHML's unsecured claims in the administration whilst also improving the position for RoT creditors.

For the Vans business, we contacted RoT claimants on 19 December 2017, 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.

Property

The Wholesale division operated predominantly from leasehold sites on a UK wide basis. Sites were owned by or leased to 1925 and PHML. In total, the Wholesale division operated a mixture of warehouse and coldstore accommodation from 17 locations, plus the Head Office in Hove.

The Vans business operated from 44 sites throughout England, Wales & 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.

We have vacated all properties other than the Head Office in Hove, which we continue to occupy for achieving the purpose of the administrations.

Site Security

Upon appointment, it was important to ensure that the various properties were secure, we instructed security agents to attend the various sites and 24 hour manned guarding was deployed across the various properties.

This was maintained and decreased in line with the vacation of each site. During the period of occupation for various sites, we had several issues which involved extensive work from our security agents, including trespassers taking up residence around certain sites and attempted removal of goods from sites. Works have also been undertaken across the freehold properties to ensure that they are compliant for insurance purposes. Part of this process involves our security agents undertaking property inspections of the vacant freehold sites to ensure that the sites remain compliant and secure.

Property realisations

We have instructed GVA as property agents to market the 10 freehold properties which are owned by 1925. During the period we have received offers on the freehold properties set out below and are in discussions with interested parties. Further details are set out below.

Leeds, 94-96 Geldard Road

This property was fully marketed for a 6-8 week period, advertisements were placed in Estates Gazette and online details posted to the GVA website. We have received several bids on this property and are in the process of assessing the offers with a view to acceptance.

Fareham, 26 Brunel Way, Segensworth

Multiple bids have been received for this property. During the period we have accepted an offer for the property, which is subject to a formal valuation and contract.

Brandon, Wimbledon Avenue

An offer on the property has been accepted with completion subject to contract. Due to commercial sensitivity we will provide a further update once a sale completes.

Saltash, Moorlands Industrial Estate, Plymouth

During the period we have accepted an offer to purchase the property and the adjacent car park plot. We are currently in talks to complete a sale.

Dunfermline, land adjacent to Pitreavie Business Park

GVA are currently assessing the value of this 1.1 hectare of land, but it has not yet been put to market.

Inverness, Caresgate Road North, Carse Industrial Estate

An offer has been made for this property which we are currently evaluating with a view to acceptance.

We continue to market the remaining freehold properties and will provide a further update in our next report.

Third party and leased assets

As at the date of our appointment, the Companies held a wide range of leased assets in their possession. These ranged from company cars, trucks and vans through to fork lift trucks and IT equipment.

Immediately on appointment, we began the process of identifying which assets were leased and which parties held a legal or valid economic interest in these assets. As the assets were spread across the 60 distribution centres and depots around the country, it was necessary to 'lock down' all the depots for a short period whilst assets were identified and secured.

Repatriation of the leased assets began on 4 December 2017, initially focusing on the leased vehicles held at the various Wholesale depots. These depots were not designed to accommodate such a large number of vehicles and the space was required to enable RoT and other suppliers to uplift their goods from the depots. Only a small number of company cars were retained for use by those retained employees who had a contractual entitlement to a company car.

The vehicles were supplied on a mixture of rental and lease agreements from asset based lenders and rental companies. Total leased vehicles within the Companies on appointment consisted of 165 cars and 630 commercial and heavy goods vehicles.

As at 27 May 2018, some 162 cars and all commercial and heavy goods vehicles have been returned. 3 retained leased vehicles are expected to be returned to lessors in due course.

In addition to road vehicles, the Companies operated a fleet of leased materials handling equipment such as fork lift trucks and associated items. In total there were 457 pieces of such equipment, of which approximately 50% were immediately made available for collection by lessors, whilst the other 50% were retained for use as part of the RoT collection process. All retained units were returned to lessors prior to our vacation of the Wholesale sites on 24 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 commented above on the position and strategy with regard to leased assets.

Vehicles

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. FLAG was identified as a suitable auctioneer due to its national coverage, having resource available to meet our collection requirements and the ability to store the vehicles at two secure sites in Doncaster and Leicester in advance of the auction process.

During the period, 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£39k received into the administration of Snacksdirect. In addition, commercial vehicles of Snacksdirect were also included in a bulk asset sale, generating £160k. At the date of this report, 3 HGVs remain unsold as they are held by a third party who has claimed a lien over the assets in respect of their unpaid costs.

There remain a small number of residual vehicles to be realised in the administration of PHML.

Assets other than vehicles

This includes the racking, picking machinery and refrigeration units at the various sites, along with IT equipment, software licences and refunds due.

As outlined previously, the majority of materials handling equipment was leased from third parties, however there were c.60 pieces of equipment that were owned; including forklifts and reach trucks, amongst other assets. Hilco assisted with the sale of these assets and total realisations of £8k have been recovered in the period covered by this report.

There were various other chattel assets, including the IT, office and warehouse equipment. The latter includes c.9,000 owned roll cages (in addition to a further 9,000 which are leased). We accepted an offer of £200k from the owner of the leased roll cages for all of the P&H owned cages, which was in line with our agent's recommendations. We have also realised £50k from the sale of various thermotainers into PHML. Other general items of plant and machinery have been sold by Hilco, generating realisations of £260k which will be remitted into the administration in due course.

IT assets have been collected from all sites across the UK and were held centrally in two locations. Hilco have sold the majority of these assets, realising c£131k which will be remitted to the administration estate in due course. There remains a small element of IT equipment in use by retained employees which could generate future realisations.

Metis Partners were instructed to assist us in the identification and marketing of Intellectual Property, including trademarks and licenses. During the period, a sale has been completed for specific trademarks and sale of a software licence, realising value of £115k into the administration of PHML.

Rates refunds & other refunds

During the period we have recovered refunds totalling c.£876k across the group, the breakdown of these is set out below.

We instructed CAPA to investigate any pre-appointment rates refunds that may be due in the administrations of the Companies. To date, refunds of c.£200k have been recovered across the 8 companies.

We have received supplier refunds of £498k into the administration of PHML.

We have recovered a refund from Barclays for a credit card facility into the administration of Snacksdirect for c.£73k, and a further c.£11k was received relating to a pre-appointment refund.

We have also received a pre appointment refund into the Plc administration account from JLT for c.£33k and a refund relating to accrued interest for c.£51k.

Bank interest received

During the period covered by this report, bank interest of £790 has been received into the administrations. This is split between £716 in PHML, £61 in Snacksdirect, £12 in Plc and £0.5 in Direct.

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 have 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, which will be used to discharge the ongoing liabilities of the administrations while trading was suspended.

Due to the lack of any alternative and credible purchaser and the lack of funding available to continue to temporarily maintain the infrastructure of the business, it was necessary to make all depot-based employees redundant on 8 December 2017.

The strategy for the Vans business then followed that of the Wholesale business, focussing on the clearance of premises, handing back third party assets and realising value from any owned assets. All leased premises have now been vacated and offered back to the respective landlords.

We agreed to sell 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 for Snacksdirect split between £160k in Motor Vehicles and £90k in Sale of IT equipment.

Pensions

The Group operated the following pension schemes:

- A defined benefit scheme, for which accrual of pensionable service ceased in 2013; and
- Two defined contribution schemes, which were the “live” schemes at the time of our appointment.

There was also a separate scheme providing a benefit in the event of death in service, and some other insured employee benefit arrangements.

We understand that PHML, Snacksdirect and possibly Holdings are employers under the defined benefit scheme.

Our specialist pensions team identified the schemes and, with the assistance of P&H staff, ascertained the main issues requiring attention. We issued the statutory notifications of the administration appointments where required, in accordance with pensions legislation, and added pensions information to our communications for employees. The main areas in which we have been engaged in relation to the defined benefit scheme are summarised below:

- We have had considerable dialogue with the scheme’s trustee and with the PPF regarding the scheme’s creditor status in certain of the administration estates. In conjunction with our property team, this has extended to discussions on a property owned by the scheme and occupied by the Companies, and to security held by the scheme over certain properties owned by 1925.
- We co-operated closely with the trustee and PPF on arrangements to ensure that the pension scheme’s payroll operated successfully in December 2017 for c.1200 pensioners (the pension payroll having historically operated alongside P&H’s own payroll for employees). From January 2018, the pensioners’ payroll has been operated by the scheme’s own pension administrators.
- We have liaised with the scheme’s pension administrators on issues caused by the insolvency, relating to the transfer of functions from P&H to the pension administrators.
- We have considered the position with a property which was sold pre-insolvency, with the scheme having agreed to receive 50% of the proceeds in return for releasing its security.
- We met with the Pensions Regulator and the PPF to provide a briefing on the Companies and the events leading up to the appointment of the Administrators. We have responded to requests for information from the PPF in this respect.
- We have reviewed and executed a Deed of Amendment in relation to the administration of the scheme and payment of certain benefits.

We have also liaised with the providers of the Group’s defined contribution pension arrangements and arranged for claims for outstanding contributions to be submitted to the Redundancy Payments Service, as well as ensuring that post appointment pension contributions continue to be paid in line with the statutory deadline each month.

We have also arranged with the insurer of the death in service scheme for cover to remain in place for continuing employees. Similarly we have ensured cover remains in place for other employee benefit arrangements and kept the insurers up to date with details of leavers. Benefits for three deceased members have still to be settled and we have appointed an independent trustee to deal with this.

Other issues

During the period, we have prepared and circulated the administrators' proposals for the administrations of the Companies. We have prepared and submitted our report on the conduct of the directors in the period leading to the insolvency of the Companies, which is discussed in further detail below. We have also prepared the VAT return for the period and prepared our remuneration report to determine the basis of our fees. Our specialist tax team have also begun preparing the Companies' returns for the relevant periods.

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.

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 do 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.

Investigations and actions

We have complied with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2. During the period covered by this report, we have submitted our report to the Insolvency Service as required and are cooperating with any further information requests.

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 the accounts of our receipts and payments in the administrations from 28 November 2017 to 27 May 2018.

Our expenses

We set out in Appendix B statements of the expenses we've incurred to 27 May 2018 and the estimates of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense 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 this case.

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously 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/creditorsguides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning our dedicated helpline on 020 7804 7202.

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;
- Complete the sales of the freehold properties;
- Surrender the final leasehold property;
- Adjudicate preferential claims in DVS, Snacksdirect and Sweetdirect;
- Make an interim distribution to the secured creditors;
- Make a distribution to the preferential creditors in DVS, Snacksdirect and Sweetdirect;
- Adjudicate unsecured claims received in DVS, Snacksdirect and Sweetdirect; and
- Make a distribution to unsecured creditors in DVS, Snacksdirect and Sweetdirect.

Once this has been 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 are currently considering the best strategy for extending / ending the administrations, taking into account the outstanding issues across the Companies and assessing whether any of them can be closed. 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 administration or in about six months, whichever is the sooner. If you've got any questions, please email phqueries@uk.pwc.com or call our dedicated helpline on 020 7804 7202.

Yours faithfully
For and on behalf of the Companies



Matthew Boyd Callaghan
Joint administrator

Matthew Callaghan, Ian Green and Zelf Hussain have been appointed as joint administrators of Palmer & Harvey (Holdings) PLC; Palmer & Harvey McLane Limited; Palmer & Harvey McLane (Holdings) Limited; P&H (1925) Limited; P&H Direct Van Sales Limited; P&H Sweetdirect Limited; P&H Direct Limited; and P&H Snacksdirect Limited, to manage their affairs, business and property as agents and act without personal liability. All 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.

Appendix A: Receipts and payments

Plc		
Statement of affairs		28 November 2017 to 27 May 2018
Fixed Charge realisations		-
Fixed Charge cost of realisations		-
Fixed balance		-
Floating Charge realisations		
Refunds		86,535.03
Bank Interest		12.22
Third party funds		234,795.16
		321,342.41
Floating Charge cost of realisations		
Insurance		(14,000.00)
		(14,000.00)
Floating charge balance excluding ABL funding		307,342.41
VAT control account		-
Funding from ABLs		14,000.00
Funds held in interest bearing Barclays account		321,342.41
<i>All items are stated net of VAT</i>		

Note – The third party funds held in Plc do not form part of the administration estate and will be transferred out in the next period.

Holdings		
Statement of affairs		28 November 2017 to 27 May 2018
Fixed Charge realisations		-
Fixed Charge cost of realisations		-
Fixed balance		-
Floating Charge realisations		
Refunds		56.25
		56.25
Floating Charge cost of realisations		-
Floating balance		56.25
VAT control account		-
Funds held in interest bearing Barclays account		56.25
<i>All items are stated net of VAT</i>		

Note – the statements of affairs for Plc and Holdings did not show any realisable assets within the administrations.

PHML		
Statement of affairs		28 November 2017 to 27 May 2018
Fixed Charge realisations		
237,099,000.00	Debtors	-
1,945,000.00	Freehold property	-
Fixed Charge cost of realisations		
		-
Fixed balance		-
Floating Charge realisations		
	Office costs, Stationery & Postage	62.82
1,989,000.00	Fixtures & Fittings, Office Equipment & Computers	-
	Plant & Machinery	257,884.00
190,000.00	Motor Vehicles	1,154,275.68
	Stock	857,253.72
	Book debts	6,582.29
	Intellectual property	115,000.00
593,000.00	Refunds	650,878.97
359,000.00	Prepayments	-
	Bank Interest	716.41
	Storage Costs	521.60
	Suspense Account	8,432.85
		3,051,608.34
Floating Charge cost of realisations		
	Sub Contractors	(122,271.50)
	Motor & travel expenses	(1,856.26)
	Professional Fees	(49,431.18)
	Leased equipment / hire purchase	(160,484.58)
	Site clearance	(193,719.69)
	Repairs & Maintenance	(137,714.25)
	Agents' fees & disbursements	(227,287.15)
	Duress Payments	(239,048.00)
	Security	(304,145.08)
	Software licenses, trademarks & IT	(144,976.76)
	Office costs, Stationery & Postage	(14,211.28)
	Legal Fees & disbursements	(3,810.00)
	Third party funds	(234,795.16)
	Employee deductions from earnings	(1,701.97)
	Irrecoverable VAT	(13.00)
	Storage Costs	(13,411.01)
	Statutory advertising	(444.00)
	Rent	(505,421.21)
	Utilities & Rates	(19,947.58)
	Insurance	(488.98)
	Wages & Salaries	(1,776,088.41)
	PAYE/NIC and Pension Deductions	(835,279.28)
	Employee expenses & related costs	(46,654.33)
	Bank charges	(450.00)
	Head office expenses	(750.00)
		(5,034,400.66)
Floating charge balance excluding ABL funding		(1,982,792.32)
	Funding from ABLs	6,552,730.59
	VAT control account	(103,050.40)
Funds held in interest bearing Barclays account		4,466,887.87
<i>All items are stated net of VAT</i>		

Note – debtor balances are recovered directly by the ABLs and therefore do not appear on the administration receipts and payments account.

1925		
Statement of affairs		28 November 2017 to 27 May 2018
Fixed Charge realisations		
1,614,000.00	Freehold property	-
1,006,000.00	Fixed charge cash	-
67,000.00	Leasing land & buildings	-
Fixed Charge cost of realisations		
		-
Fixed balance		-
Floating Charge realisations		
	Refunds	41,160.19
		41,160.19
Floating Charge cost of realisations		
	Agents' Fees & disbursements	(10,290.05)
		(10,290.05)
Floating balance		30,870.14
	VAT control account	(2,058.01)
Funds held in interest bearing Barclays account		28,812.13
<i>All items are stated net of VAT</i>		

Direct		
Statement of affairs		28 November 2017 to 27 May 2018
Fixed Charge realisations		
		-
Fixed Charge cost of realisations		
		-
Fixed balance		-
Floating Charge realisations		
	Bank Interest Gross	0.51
	Intergroup transfer of funding from ABL's	
		0.51
Floating Charge cost of realisations		
	Lease & Hire Purchase payments	(1,591.49)
	Repairs & Maintenance	(5,885.00)
		(7,476.49)
Floating charge balance excluding ABL funding		(7,475.98)
	Funding from ABLs	8,971.79
	VAT control account	(1,495.30)
Funds held in interest bearing Barclays account		0.51
<i>All items are stated net of VAT</i>		

DVS		
Statement of affairs		28 November 2017 to 27 May 2018
	Fixed Charge realisations	-
	Fixed Charge cost of realisations	-
	Fixed balance	-
	Floating Charge realisations	
1,744,962.00	Cash at bank	-
12,095.00	Stock	-
821,243.00	Book debts	-
100.00	Motor vehicles	-
-	Refunds	5,379.30
		5,379.30
	Floating Charge cost of realisations	
	Gross wages and salaries	(49,285.05)
	Agents' Fees & Disbursements	(1,152.53)
		(50,437.58)
	Floating charge balance excluding ABL funding	(45,058.28)
	Funding from ABLs	49,285.05
	VAT control account	(230.51)
	Funds held in interest bearing Barclays account	3,996.26
	<i>All items are stated net of VAT</i>	

Sweetdirect		
Statement of affairs		28 November 2017 to 27 May 2018
	Fixed Charge realisations	-
	Fixed Charge cost of realisations	-
	Fixed balance	-
	Floating Charge realisations	
847,572.00	Cash at bank	-
16,140.00	Stock	-
615,932.00	Book debts	326.37
		326.37
	Floating Charge cost of realisations	
	Wages	(33,574.81)
		(33,574.81)
	Floating charge balance excluding ABL funding	(33,248.44)
	Funding from ABLs	33,574.81
	VAT control account	-
	Funds held in interest bearing Barclays account	326.37
	<i>All items are stated net of VAT</i>	

Snacksdirect		
Statement of affairs		28 November 2017 to 27 May 2018
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
14,088.00	Stock	1,000.00
553,190.00	Book debts	157.45
13,557.00	Refunds	80,995.19
	Bank Interest	61.03
	Funding from potential purchaser	300,000.00
	Sale of IT equipment	90,000.00
		660,563.67
Floating Charge cost of realisations		
	Rates & utilities	(7,906.01)
	Repairs & Maintenance	(558.92)
	Employee Related Costs	(243.36)
	Sundry Expenses	(240.00)
	Agents' Fees	(1,561.79)
	Legal fees & Expenses	(10,466.00)
	Employee deductions from earnings	(192.02)
	Irrecoverable VAT	(2,093.20)
	Phone & IT services	(5,158.45)
	Wages	(202,072.06)
	Storage Costs	(1,213.05)
	Rent	(44,671.04)
		(276,375.90)
Floating charge balance excluding ABL funding		384,187.77
	VAT control account	37,794.72
	Funding from ABLs	202,072.06
Funds held in interest bearing Barclays account		624,054.55
<i>All items are stated net of VAT</i>		

Note – the Vans debtor balances (DVS, Sweetdirect and Snacksdirect) continue to be paid into the pre-appointment bank accounts and therefore do not appear on the administration receipts and payments account. The funds will be transferred into the administration bank accounts in due course.

Vans cash at bank was set-off on appointment against monies owed to the ABLs per their security, therefore does not appear on the administration receipts and payments account.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estates 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 accounts at Appendix A, which show expenses actually paid during the period.

Notes:

- The basis of our fees has not yet been formally approved, but the figures below show what is being proposed. As fees have not yet been formally approved they are shown in the Estimated future column;
- Legal costs, insurance, rental, utilities, employee wages and other expenses will be subject to a group recharge based on occupancy, employer, assets and usage; and
- The estimates below are based on information currently available and given the early stages are subject to change.

<i>PHML</i>	Incurred in the period under review (£)	Estimated future (£)	Anticipated total (£)
Bank charges	450.00	150.00	600.00
Office holders fees (on a fixed fee basis)	-	5,989,406.00	5,989,406.00
Office holders expenses	43,515.48	6,000.00	49,515.48
Legals	3,180.00	2,227,190.00	2,230,370.00
Agents - asset realisations	161,622.75	260,307.63	421,930.38
Rent	505,421.23	77,216.46	582,637.69
Gross salaries	3,315,287.03	137,700.00	3,452,987.03
Employee expenses	46,654.33	6,500.00	53,154.33
Subcontractors	118,253.80	30,000.00	148,253.80
Petty cash	750.00	500.00	1,250.00
Motor and travel expenses	1,928.58	1,100.00	3,028.58
Lease/Hire payments	160,619.58	-	160,619.58
IT costs	144,829.76	77,000.00	221,829.76
Utilities and rates	19,947.58	715,500.00	735,447.58
Insurance	488.98	305,062.21	305,551.19
Repairs and maintenance	128,046.82	1,000.00	129,046.82
Site clearance	193,719.69	19,040.00	212,759.69
Duress payments	222,048.00	-	222,048.00
Postage and stationary	14,076.28	-	14,076.28
Advertising	444.00	-	444.00
Storage costs	13,411.01	13,942.13	27,353.14
Security	319,415.58	-	319,415.58
Professional fees	49,431.18	-	49,431.18
TV licence	147.00	-	147.00
Pre administration costs	93,018.75	-	93,018.75
Total	5,556,707.41	9,867,614.43	15,424,321.84

<i>Holdings</i>	Incurred to Date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	15.00	15.00
Office holders fees (on a fixed fee basis)	-	28,679.00	28,679.00
Office holders expenses	2,710.64	250.00	2,960.64
Legals	-	23,000.00	23,000.00
Pre administration costs	4,464.90	-	4,464.90
Total	7,175.54	51,944.00	59,119.54

<i>Plc</i>	Incurred to Date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	203.00	203.00
Office holders fees (on a fixed fee basis)	-	28,679.00	28,679.00
Office holders expenses	494.38	250.00	744.38
Legals	-	23,000.00	23,000.00
Insurance	14,000.00	-	14,000.00
Pre administration costs	4,464.90	-	4,464.90
Total	18,959.28	52,132.00	71,091.28

<i>1925</i>	Incurred to date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	15.00	15.00
Office holders fees	-	TBC*	TBC
Office holders expenses	-	500.00	500.00
Insurance	-	TBC	TBC
Legals	-	23,000.00	23,000.00
Agents (figures estimated but subject to completion values and timescales)	-	91,500.00	91,500.00
Security & site maintenance (figure is dependent on timescales for completion)	-	TBC	TBC
Pre administration costs	2,480.50	-	2,480.50
Total	2,480.50	TBC	TBC

*TBC – To be confirmed.

<i>Direct</i>	Incurred to Date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	15.00	15.00
Office holders fees (on a fixed fee basis)	-	15,296.00	15,296.00
Office holders expenses	196.00	150.00	346.00
Legals	-	7,000.00	7,000.00
Lease/Hire payments	1,591.49	76.05	1,667.54
Repairs and maintenance	5,885.00	-	5,885.00
Rent and rates	-	2,222.25	2,222.25
Security	-	4,490.20	4,490.20
Utilities	-	750.00	750.00
Other commitments	-	524.95	524.95
Pre administration costs	2,356.48	-	2,356.48
Total	10,028.97	30,524.45	40,553.42

<i>DVS</i>	Incurred to Date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	15.00	15.00
Office holders fees (on a fixed fee basis)	-	485,050.00	485,050.00
Office holders expenses	3,715.00	300.00	4,015.00
Advertising	-	75.00	75.00
Insurance	-	TBC	-
Legals	-	41,000.00	41,000.00
Agents - Debt collection	-	36,000.00	36,000.00
Agents - asset realisations	1,152.53	250.00	1,402.53
Gross salaries	-	49,285.05	49,285.05
Rent and rates	-	13,333.50	13,333.50
Security	-	26,941.20	26,941.20
Utilities	-	4,500.00	4,500.00
Other commitments	-	3,149.70	3,149.70
Lease/Hire payments	-	456.30	456.30
Pre administration costs	7,577.93	-	7,577.93
Total	12,445.46	660,355.75	672,801.21

<i>Sweetdirect</i>	Incurred to Date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	15.00	15.00
Office holders fees (on a fixed fee basis)	-	325,401.00	325,401.00
Office holders expenses	643.88	100.00	743.88
Advertising	-	75.00	75.00
Insurance	-	TBC	-
Legals	-	41,000.00	41,000.00
Agents - debt collection	-	48,000.00	48,000.00
Agents - asset realisations	-	250.00	250.00
Gross salaries	-	33,574.81	33,574.81
Rent and rates	-	13,333.50	13,333.50
Security	-	26,941.20	26,941.20
Utilities	-	4,500.00	4,500.00
Other commitments	-	3,149.70	3,149.70
Lease/Hire payments	-	456.30	456.30
Pre administration costs	5,097.43	-	5,097.43
Total	5,741.31	496,796.51	502,537.82

<i>Snacksdirect</i>	Incurred to date (£)	Estimated future expense (£)	Anticipated total (£)
Bank charges	-	15.00	15.00
Office holders fees (on a fixed fee basis)	-	511,489.00	511,489.00
Office holders expenses	6,283.00	500.00	6,783.00
Insurance	-	TBC	-
Advertising	-	75.00	75.00
Legals	10,466.00	48,000.00	58,466.00
Agents - Debt collection	240.00	48,000.00	48,240.00
Agents - asset realisations	1,561.79	250.00	1,811.79
Gross salaries and employee related costs	435.38	202,078.06	202,513.44
Storage	1,213.05	9,879.36	11,092.41
Rent and rates	44,670.63	6,568.21	51,238.84
IT and telephone	24,054.34		24,054.34
Security	-	31,431.40	31,431.40
Utilities	-	5,250.00	5,250.00
Other commitments	-	3,674.65	3,674.65
Lease/Hire payments	-	532.35	532.35
Pre administration costs	7,999.61	-	7,999.61
Total	96,923.80	867,743.03	964,666.83

Appendix C: Remuneration update

As the first step in fixing the basis of our fees, we have recently issued our remuneration report to creditors in respect of PHML, Holdings, Plc, Snacksdirect, Sweetdirect, Direct and DVS detailing our proposed fee basis for approval. In the circumstances of this case, it is for the secured creditors and (where appropriate) the preferential creditors to agree the basis of our fees and certain categories of disbursements. We will be seeking approval from those creditors in due course and will provide creditors with an update in our next report. If you have not already done so, please read our remuneration report circulated to creditors on 15 June 2018.

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, including 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 but has not yet been approved where required. The following disbursements arose in the period of this report.

PHML

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	431.35
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	1,442.55
1	Archiving costs	1,127.04
1	Air fares	863.79
1	Car parking	608.66
1	IT equipment	195.72
1	Postage	3,294.28
1	Accommodation and sustenance	21,532.60
1	Rail fares	12,077.64
1	Subscriptions	18.66
1	Taxi fares	1,915.19
1	Telecommunications	5.00
1	Land Registry fees	3.00
	Total	43,515.48

Holdings

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	98.33
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	301.86
1	Air fares	288.12
1	Car parking	106.00
1	Postage	33.63
1	Accommodation and sustenance	1,289.60
1	Rail fares	297.30
1	Taxi fares	295.80
	Total	2,710.64

Plc

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	20.24
1	Accommodation and sustenance	98.68
1	Rail fares	115.70
1	Taxi fares	259.76
	Total	494.38

1925

No disbursements were incurred in the period covered by this report.

Snacksdirect

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	25.00
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
1	Car parking	14.83
1	Postage	2,144.88
1	Accommodation and sustenance	971.37
1	Rail fare	1,154.10
1	Taxi fare	477.57
	Total	6,282.61

Sweetdirect

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	59.90
1	<i>Accommodation and sustenance</i>	331.09
1	Postage	20.00
1	Rail fares	137.29
1	Taxi fares	95.60
	Total	643.88

DVS

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	515.90
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	1,156.17
1	Car parking	19.96
1	Postage	224.19
1	Accommodation and sustenance	837.19
1	Taxi fares	407.25
1	Rail fares	554.38
	Total	3,715.04

Direct

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	39.52
1	Rail fare	49.40
1	Taxi fare	88.15
1	Car parking	18.67
	Total	195.74

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.

Legal and other professional firms

We've instructed the following professionals and subcontractors on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: <ul style="list-style-type: none"> • appointment related matters; • contract renewal and debtor dispute assistance; • advice on ROT claims; and • sale of business contracts. 	<ul style="list-style-type: none"> • Dentons UK and Middle East LLP • DLA Piper UK LLP • *Ashurts LLP • Hogan Lovells LLP • K&L Gates LLP 	<ul style="list-style-type: none"> • Industry knowledge • *Previous company knowledge 	<ul style="list-style-type: none"> • Time costs and disbursements
Chattel agents and valuers	<ul style="list-style-type: none"> • Hilco Valuation Services • The Fleet Auction Group • Metis Partners Limited 	<ul style="list-style-type: none"> • Industry knowledge 	<ul style="list-style-type: none"> • % of realisations
Property agents, services including: <ul style="list-style-type: none"> • Security • Waste collection / skip hire • Haulage 	<ul style="list-style-type: none"> • Moorcroft Vacant Property Management • GLAS Trust Corporation Limited • ACM Environmental Plc • Triton Securities and Facilities Management Limited • Secure Site (UK) Limited • Be The Next Link.co.uk Ltd 	<ul style="list-style-type: none"> • Industry knowledge 	<ul style="list-style-type: none"> • Time costs and disbursements
Agents, services including: <ul style="list-style-type: none"> • Rates refunds • Debt collection 	<ul style="list-style-type: none"> • CAPA UK • Hilton-Baird Collection Serviced Limited • Profit Recovery Solutions 	<ul style="list-style-type: none"> • Industry knowledge 	<ul style="list-style-type: none"> • % 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 • Clay Consulting Limited • SC Insights 	<ul style="list-style-type: none"> • Industry knowledge 	<ul style="list-style-type: none"> • Time costs and disbursements

Appendix D: Pre-administration costs

During the period covered by this report we have prepared our remuneration report for all companies except for 1925. A formal request to the secured and (where applicable) preferential creditors will be made in due course. That request will also seek approval for unpaid pre-administration costs as an expense of the administration.

Appendix E: Other information

Information applicable to all of the Companies

Court details:	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:	<i>Current:</i> Central Square, 8 th Floor, 29 Wellington Street, Leeds, LS1 4DL <i>Former:</i> P&H House, Davigdor Road, Hove, East Sussex, BN3 1RE
Date of the administration appointment:	28 November 2017
Administrators' names and addresses:	Matthew Boyd Callaghan, Ian David Green and Zelf Hussain, 7 More London Riverside, London, SE1 2RT
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 Administrators' responsibilities:	The 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

	<i>Plc</i>	<i>Holdings</i>	<i>PHML</i>	<i>1925</i>	<i>Direct</i>	<i>DVS</i>	<i>Snacksdirect</i>	<i>Sweetdirect</i>
Court references	CR-2017-008977	CR-2017-008968	CR-2017-008976	CR-2017-008978	CR-2017-008966	CR-2017-008975	CR-2017-008979	CR-2017-008972
Registered number:	06470058	02274812	01874153	00207555	02068930	08003983	01852968	06705682