



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 03498958

Company name in full Dillons Stores Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Mark James Tobias

Surname Banfield

3 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region London

Postcode SE12RT

Country United Kingdom

4 Administrator's name ①

Full forename(s) Rachael Maria

Surname Wilkinson

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 3 Forbury Place

Street 23 Forbury Road

Post town Reading

County/Region Berkshire

Postcode RG13JH

Country United Kingdom

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>9</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>5</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	
To date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>8</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>1</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	

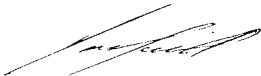
7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's signature	<div>Signature</div> <div><div>X</div><div></div><div>X</div></div>								
Signature date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>8</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Joshua Liburd

Company name PricewaterhouseCoopers LLP

Address Level 8, Central Square

29 Wellington Street

Post town Leeds

County/Region

Postcode L S 1 4 D L

Country United Kingdom

DX

Telephone 0113 289 4000

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Robert Nicholas
Surname Lewis

3 Insolvency practitioner's address

Building name/number PricewaterhouseCoopers LLP
Street 7 More London Riverside
Post town London
County/Region London
Postcode S E 1 2 R T
Country United Kingdom

Joint Administrators' progress report from 9 May 2022 to 8 November 2022

McColl's Retail Group plc

Martin McColl Limited

Dillons Stores Limited

Smile Stores Limited

Charnwait Management Limited

All - in administration

8 December 2022

Table of contents

Abbreviations and definitions	3
Key messages	6
Background to appointment	9
Progress since we last reported	10
Licence to Occupy	11
Properties Excluded from the Licence to Occupy	12
Freehold and Long Leasehold Properties	12
Appendices	19
Appendix A: Receipts and payments	20
Appendix B: Expenses	28
Appendix C: Pre-administration costs	33
Appendix D: Other information	34
Appendix E: Remuneration update	37

Abbreviations and definitions

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

Abbreviation or definition	Meaning
Administrators/we/us/our	Mark James Tobias (Toby) Banfield, Rachael Maria Wilkinson and Robert Nicholas Lewis of PwC
APA	The agreement for the sale of the business and assets of the McColl's administrations (including the Companies) to Alliance Property Holdings dated 9 May 2022
APH	Alliance Property Holdings Limited (the Purchaser)
Barclays Bank/the Bank/Secured creditor	Barclays Bank Plc, acting as agent for the Lenders
BEIS	Department for Business, Energy & Industrial Strategy
the Companies	McColl's Retail Group plc (PLC) Martin McColl Limited (MML) Dillons Stores Limited (DSL) Smile Stores Limited (SSL) Charnwait Management Limited (CML) - all in administration
the Group	McColl's Retail Group plc and its subsidiaries
CMA	The Competition and Markets Authority - the UK's competition regulator
CVL	Creditors' voluntary liquidation
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Lenders	A syndicate of lenders providing lending to the Group with an outstanding liability of approximately £160m secured by fixed and floating charges over all the Companies' assets. Barclays Bank acts as agent for the Lenders.
LTO	Licence to Occupy
Net property	The value from assets subject to the Secured creditors' floating charges, less costs of realisation and administration and less any amounts owed to preferential creditors.
McColl's administrations	McColl's Retail Group plc (PLC) - Co. No. 08783477 - Case No. CR-2022-001341 Martin McColl Limited (MML) - Co. No. 00298945 - Case No. CR-2-22 - 001342 Clark Retail Limited (CRL) - Co. No. SC101099 - Case No. P388/22 Dillons Stores Limited (DSL) - Co. No. 03498958 - Case No. CR-2022-001343 Smile Stores Limited (SSL) - Co. No. 00641258 - Case No. CR-2022-001344 Charnwait Management Limited (CML) - Co. No. 04444181 - Case No. CR-2-22-001340 Martin Retail Group Limited (MRG) - Co. No. SC013840 - Case No. P389/22 - all in administration

Morrisons	Morrisons Supermarkets Limited
Ordinary preferential creditors	Creditors with claims defined in IA86 as ordinary preferential debts: These include claims for: unpaid remuneration earned in the four months before the relevant date of the insolvency up to a maximum of £800, an unlimited amount of accrued holiday pay, and unpaid pension contributions in certain circumstances
Pre-packaged sale	The sale of all or part of a company's business or assets which is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the sale immediately on, or shortly after, appointment.
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
Purchaser	Alliance Property Holdings Limited
PwC	PricewaterhouseCoopers LLP
Regulations	Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021
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
Secondary preferential creditors	Creditors with claims defined in IA86 as secondary preferential debts to be paid after ordinary preferential debts, if there are sufficient funds These include claims for certain HMRC debts owed at the date of insolvency, consisting of VAT and relevant amounts deducted by the Company from payments due to another taxpayer and due to be paid over to HMRC (e.g. PAYE, employee NICs and Construction Industry Scheme deductions). Penalties and interest do not form part of HMRC's preferential claim
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
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
SIP 16	Statement of Insolvency Practice 16: Pre-packaged sales in administrations
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured Creditors	Creditors who are neither secured nor preferential

This report has been prepared by Mark James Tobias (Toby) Banfield, Rachael Maria Wilkinson and Robert Nicholas Lewis as Joint Administrators of the Companies, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Companies.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Companies creditors, which can be found at [pwc.co.uk/mccolls](https://www.pwc.co.uk/mccolls). Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Mark James Tobias (Toby) Banfield, Rachael Maria Wilkinson and Robert Nicholas Lewis have been appointed as Joint Administrators of the Companies to manage their affairs, business and property as their 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](https://www.pwc.co.uk) website or by contacting the Joint 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're writing to update you on the progress of the administration of the Companies in the six months since our appointment as joint administrators on 9th May 2022.

How much creditors may receive

Estimated outcome for Secured Creditor

What secured creditors are owed:	£ 164.3 million	
	% Recovery	Forecast timing
What we think secured creditors could recover:	100%	Paid
Estimated dividend prospects	% Recovery	Forecast timing
For First ranking preferential creditors (to the extent that there are any ordinary preferential claims)	100%	3-6 months
For Secondary preferential creditors:	100%	3-6 months
For unsecured creditors:		
McColl's Retail Group Plc	between 10% and 20% (Prescribed part only)	12+ months
Martin McColl Limited	between 20% and 40%	12+ months
Dillons Stores Limited	between 20% and 40% (Prescribed part only)	12+ months
Smile Stores Limited	between 40% and 60% (Prescribed part only)	12+ months
Charnwait Management Limited	Nil	12+ months

You will note that the estimated dividend prospects for unsecured creditors of some of the Companies have changed compared to the estimates stated in our proposals. This is a result of intercompany balances being excluded from the estimated outcome statements of the Companies. As we note below, we are taking legal advice as to the validity of the intercompany claims and for the purposes of the estimates above, these intercompany balances have been excluded.

Secured creditors

At the date of appointment, the Companies had an outstanding liability of £164.3m, secured by fixed and floating charges over all the Companies assets. This comprised a revolving credit facility (RCF) of £99.17m (plus interest and charges) and a term loan of £60m (plus interest and charges), both of which were fully drawn.

Barclays Bank plc (acting as agent for the Lenders), provided a redemption statement detailing the outstanding capital and interest on the term loan and RCF as at 13 May 2022 totalling £160,683,648 as follows:

	Principal £	Interest £	Default interest £	Total interest £
RCF	99,170,000	737,889.18	10,867.95	748,757.14
Term	60,000,000	758,315.51	6,575.34	764,890.85

In addition, there was a requirement to send sufficient funds to cover professional fees incurred by the Lenders and the deferred arrangement fee of £2,227,750. On 13 May 2022, the sum of £164,257,902.44 was remitted to Barclays Bank plc, repaying the secured Lenders in full.

First ranking preferential creditors

All employees were transferred to the Purchaser under TUPE, thereby mitigating claims from employees. We expect the Companies to have no or minimal ordinary preferential creditors. In the event that there are employee preferential claims in the administrations, these will be settled in full as a result of the terms of the APA in which the Purchaser is to make payments to fund any distribution required for preferential creditors. The directors' statement of affairs estimates first ranking creditors to be in the region of £2,200 in MML. There are no first ranking preferential creditors listed on the statements of affairs for any of the other Companies.

Secondary preferential creditors

The directors' statement of affairs for MML shows a secondary preferential claim of £4,868,836. We have not received any claims from HMRC at the date of this report, but the pre-appointment VAT returns suggest there will be a preferential liability of some £6.7m for VAT. It is anticipated that secondary preferential creditors will be paid in full within the next 3-6 months.

The statements of affairs for the remaining Companies indicate that there are no secondary preferential claims. However, as these Companies are part of the VAT group, they will be jointly and severally liable for the secondary preferential VAT debt estimated at £6.7m.

Unsecured creditors

At the time of issuing our proposals to creditors on 27 May 2022, it was anticipated that there would be insufficient funds to pay a distribution to unsecured creditors of DSL, CML & SSL other than by virtue of the prescribed part and it was anticipated that there would insufficient funds in PLC to enable a prescribed part distribution.

Based on present information, we now anticipate that there will be sufficient funds in PLC to enable a prescribed part distribution of between 10% and 20%. Unfortunately, it is now anticipated that there will be insufficient funds in CML to enable any distribution to its unsecured creditors. We continue to anticipate that creditors of MML will receive a return above the prescribed part of between 20% and 40%, but there remain considerable uncertainties around the estimated returns to creditors, particularly in relation to the level of creditor claims in each entity.

The Group accounted for its business on a consolidated basis, meaning that limited accounting records were maintained on a company entity basis. The published accounts were produced and audited at the Group level and then deconsolidated to arrive at unaudited entity level financial statements. The directors' statements of affairs took a similar approach by using the list of creditors of the Group and splitting each creditor balance between the McColl's administration companies, using a percentage of sales by entity. This was formed by assessing a sales by stores method and allocating the leases of each of the stores to each of the trading entities. This gave an overall sales by legal entity and the basis of a percentage of sales by each entity with the same proportions used to split the creditors. In reality, creditors will be creditors of the company or companies with which they traded and had contracts or other agreements and the creditor claims will not be in these deconsolidated proportions. The creditors position will therefore depend on which entity the creditors prove their claims in and will remain uncertain until this process is complete. The position regarding creditor claims and the potential outcome for unsecured creditors is therefore considerably more complex than is usual.

We are currently seeking legal advice on the validity of the intercompany claims and for the purposes of the dividend calculations in this report, these intercompany claims have been excluded. These balances have been excluded as based on the information currently available to us they are unable to be substantiated. The dividend forecast for unsecured creditors may therefore change, depending on the outcome of the legal advice. We expect to be able to provide an update on this in our next progress report.

During the period covered by this report, we have been working to model the correct allocations of assets and liabilities across the entities within the Group. As noted above, there remain considerable uncertainties on the creditor position across the different McColl's administrations, so our estimates should be treated with great caution and are likely to change.

CML

Based on current information, it is anticipated that CML will have insufficient asset realisations to enable any distribution to unsecured creditors.

DSL

Based on current information, we believe that there will be a prescribed part of c£438k available for distribution to unsecured creditors, resulting in a dividend of between 20% and 40% (prescribed part only)

MML

Based on current information, we anticipate that there will be a maximum Prescribed part of £600,000 available for distribution to its unsecured creditors. In addition, it is anticipated that there will be sufficient assets realisations to allow a distribution to creditors other than from the Prescribed part. Based on current information, this could lead to a dividend to creditors of between 20% and 40%.

PLC

We currently anticipate that there will be an estimated prescribed part of c£150k, resulting in a prescribed part dividend of between 10% and 20%.

SSL

We currently anticipate that there will be an estimated prescribed part of c£595k, resulting a prescribed part dividend of between 40%-60%

The prescribed part estimates are all before the deduction of costs.

What you need to do

If you haven't already done so, please send details of your claim to us in order that the claims can be adjudicated. A statement of claim form can be downloaded from our website at www.pwc.co.uk/mccolls

Given the uncertainty over which entities parties may be creditors of, we are requiring all creditors to submit a statement of claim, including creditors who may be owed less than £1,000.

Please note that should you wish to vote in relation to any decision procedure during the administration or any subsequent liquidation or object to a decision sought by deemed consent, you'll need to submit a statement of claim prior to or at the time of that decision.

Our remuneration report, which should be read in conjunction with this report, is attached at Appendix E.

CML, DSL, PLC & SSL

As we do not anticipate there being a return to unsecured creditors other than via the prescribed part (and in the case of CML, no unsecured dividend at all), we will be seeking approval from the secured and preferential creditors (as fee approving body) of our fee requests. We do not intend to repeat the content of the remuneration report in this report. We will issue separate correspondence to the secured and preferential creditors with instructions on how to vote.

MML

As we anticipate that there will be a return to unsecured creditors over and above the prescribed part, we will be seeking fee approval from the general body of creditors (as fee approving body). Creditors wishing to vote should return the decision procedure form (which can be found at Appendix E), no later than 16 January 2023. If creditors have not already submitted their claim, the voting form should be accompanied by their proof of debt.

Background to appointment

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

- McColl's Retail Group plc, together with its subsidiary entities, operated a chain of c.1,100 convenience retail stores and newsagents across the UK. The Group employed c.16,000 people across its stores and head office. The majority of the Group's stores traded under the McColl's brand in England and RS McColl in Scotland with a number operating as Morrisons Daily under an agreement with Wm Morrison Supermarkets Limited ("Morrisons"), the Group's largest supplier.
- The Group had faced increasing financial pressure over a number of years as a result of Covid-19 related challenges and supply chain challenges which created issues with product availability. This resulted in a reduction in trading performance and the Group was loss making in 2021 and 2022.
- Despite waivers being granted by the Lenders, the Group's financial performance continued to deteriorate and a significant funding requirement was identified. In light of these factors, a number of options were explored by the Group, including a restructure deal with Morrisons, a third party debt refinance and a sale of the business. .
- Substantial detail is provided on the background of events leading to the insolvency of the Group, and the transaction entered into by the administrators on 9 May 2022 in our SIP16 letter dated 16 May 2022. We will not attempt to summarise that document here as the level of information provided in the SIP16 is necessary for creditors to fully understand the background to the transaction and the alternative options that were considered.
- On 9 May 2022 the directors of the following Companies filed a Notice of Intention to Appoint Administrators and later that same day the directors appointed Administrators' over the following entities:
 - McColl's Retail Group plc
 - Martin McColl Limited
 - Clark Retail Limited
 - Dillons Stores Limited
 - Smile Stores Limited
 - Charnwait Management Limited
 - Martin Retail Group Limited

A pre-packaged sale of most of the business and assets of the McColl's administration companies was completed on 9 May 2022 to the Purchaser, which resulted in: all open stores at the date of appointment, along with all employees, transferring to the Purchaser; an obligation on the Purchaser to pursue a scheme rescue in respect of the pension schemes; and cash consideration which will see all secured and preferential creditors paid in full.

A detailed narrative explanation and justification of the reasons that the pre-packaged sale was undertaken can be found in our SIP16 letter dated 16 May 2022 which was circulated to creditors and a copy of which is available on our website <https://www.pwc.co.uk/mccolls>.

Progress since we last reported

Sale of business and assets

As you are aware from our statement of proposals, immediately following our appointment we completed the sale of most of the business and assets of the McColl's administration companies. The consideration for the sale was made up of non-contingent consideration of £182.1m, plus a contingent amount of consideration up to £8m available for unsecured creditors across the seven entities in administration. The contingent consideration that will be crystallised as available for distribution for the seven entities is c£4m, as a result of various supplier ransom payments that were required to be paid during the period by APH and were subsequently reimbursed to APH from the £8m contingency consideration, as per the terms of the APA.

As you will be aware from our statement of proposals, the sales consideration was paid into a Martin McColl bank account and was awaiting allocation across the various estates and asset classes. As described earlier in this report, the Group recorded its accounts on a Group basis only, so it has been a complex exercise to ensure a correct allocation of the sale proceeds between the McColl's administrations. At the time of writing this report, the allocation exercise was still ongoing and therefore the receipts and payments accounts at Appendix A do not reflect any sales consideration (other than in MML, in which the sales consideration is held in the suspense account). We have detailed at Appendix A the proposed allocations per entity and asset class, which will be allocated to the various entities (including CRM, DSL, MML, PLC & SSL) in due course and will be reflected on the receipts and payments accounts in our next progress report.

Employees

Whilst the pre-packaged sale resulted in the TUPE transfer of all employees and associated employment liabilities to the Purchaser, there were a number of matters to be concluded post sale. During the period, we have undertaken various work streams in relation to employees, which are detailed below.

Employee Employment Tribunals

During the period covered by this report we reviewed multiple Employment Tribunal judgements received to establish if any action was required by the Joint Administrators and to ensure that any amounts awarded were reflected in the employees' claims records. We also addressed a number of queries on the progression of Tribunal claims.

Employee information requests

We liaised with the Purchaser in respect of outstanding payments to employees who had left prior to the appointment of administration to obtain wages amounts due. There were between 500 and 700 pre-appointment leavers, we therefore carried out reconciliations and revisions to ensure those payments were reflected correctly to ensure the amounts to TUPE to the Purchaser were reflected in our records for the Preferential Payments strategy.

Kickstart scheme

The Kickstart scheme was a government initiative to provide funding to create jobs for 16 to 24 year olds. We liaised with the Purchaser in respect of the outstanding balance to reconcile the position for the pre-administration amounts.

Payroll

Given the timing and scale of the amount of employees involved in the transaction, it was agreed that the Purchaser could continue to use the existing banking facilities to ensure the ongoing payment of all affected payrolls and employees. Further details of our work done in relation to payroll are contained in the Transitional Services section below.

Property

Licence to Occupy

As set out in our Proposals, as part of the sale of the business and assets, a licence to occupy was granted to the Purchaser in respect of the c.1,100 trading stores (with 1258 associated leasehold properties and a large number of individual landlords) operated by the McColl's administrations at the date of appointment, as well as any residential and commercial sublet properties associated with those stores. This licence to occupy was granted for a period of six months to enable the business to continue trading while the Purchaser engaged in discussions with landlords regarding the future occupation of the properties.

The Group did not keep accurate, up to date records of the status of each lease. Therefore we were required to undertake a review of all leases to establish the correct amount of rent due, whether VAT was payable, the current status of the lease and the correct tenant entity. In some cases, leases would be at or coming to an end, or have other complexities. In addition, we discovered that the records of the Group were not accurate in recording which entities owned the leasehold properties, and in some cases, stores operated by the McColl's administrations companies were owned by other Group companies. We are therefore working with the Purchaser and the Companies' former directors to propose a solution to deal with the assignment of leases where the lessee is not one of the administration Companies.

We identified that the LTO process would require a large amount of time to manage. Almost all of the properties were with separate landlords, with many of the landlords having this as their only investment property and being unused to this type of situation. It was clear that there would need to be a lot of communication with individual landlords, and a process set up to collect funds from the Purchaser and make monthly payments of rent. There has been a substantial number of landlord queries since our appointment (we have received and dealt with over 11,000 emails from landlords). In particular, prior to administration the Group had not required landlords to send invoices for rent and other amounts due under the lease and it has taken a substantial amount of work liaising with landlords to ensure that appropriate invoices, addressed to the correct tenant entity and using the correct VAT treatment are submitted each month for payment. In addition, we have had to make several attempts to contact landlords, some of whom have still not responded to our communications.

We put together a low cost managed services solution to manage this process, using a dedicated team of staff with suitable skills for the processes undertaken. This has meant that the work has been completed at a cost considerably lower than if it was undertaken by our insolvency specialist staff at their usual charge out rates. This has enabled the costs of dealing with post sales matters to be considerably reduced to the benefit of the Companies' creditors.

Due to the number of properties involved in the LTO process, a considerable amount of work has been required to ensure that appropriate insurance cover is in place. We have undertaken a detailed review of the insurance requirements for the LTO properties, which has led to the discovery of two freehold properties (discussed below).

On 25 May 2022, the CMA announced it would be undertaking an investigation into the acquisition of the business by the Purchaser to determine if the transaction may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

We understand the Purchaser's ability to commence discussions with landlords regarding the future of the properties were delayed while the CMA process was ongoing. As a result, no properties within the licence to occupy have been transferred to the Purchaser to date.

On 28 October 2022, the CMA announced it had accepted undertakings offered by the Purchaser to resolve competition concerns in 35 geographical areas, which include the divestment of 28 stores to alternative purchasers.

Further information about the investigation can be found on the CMA's website:
<https://www.gov.uk/cma-cases/morrisons-slash-mccolls-merger-inquiry>.

Following the CMA's announcement, the Purchaser (via their appointed agents, SPS Advisory) has now commenced writing to landlords to discuss future occupation. Any queries from landlords in relation to the current status of property transfers should be directed to SPS Advisory at admin@spsadvisory.co.uk.

To enable these discussions to continue to take place, we have agreed with the Purchaser to grant a subsequent licence to occupy for the period to 31 March 2023. During this time, we will be providing reasonable assistance to the Purchaser with regards to the assignment or surrender of the leases. The Purchaser made a contribution to our costs as part of the initial sales consideration for the licence to occupy arrangements to 31 March 2023. Any costs incurred by the administrators which are deemed outside the scope of the APA and for any further extensions to the LTO beyond 31 March 2023 will be charged to the Purchaser. We intend that these amounts will be drawn as fees and we seek approval for these fees in our remuneration report attached at Appendix E.

Until such time as the leases are assigned or properties vacated, we will continue to collect licence fees from the Purchaser and pay ongoing rent on a monthly basis in arrears for the periods of beneficial occupation. We have attempted to contact all known landlords to facilitate this process, and have to date made over 3,500 payments across the McColl's administrations totalling c.£7.4m for the period to 30 September 2022. These payments have been made from a MML bank account and are funded in their entirety by the Purchaser. Invoices and any queries relating to the ongoing payment of rent and other property costs should continue to be directed to uk_mccolls_landlords@pwc.com.

We anticipate managing the property portfolio, in addition to facilitating lease assignments (when agreed between the Purchaser and landlords), will remain a key area of our work for the next several months.

Properties Excluded from the Licence to Occupy

Excluded from the licence to occupy were c.70 closed stores across the Group (including any residential and commercial sublet properties associated with those closed stores), for which we wrote to landlords shortly after our appointment offering a surrender of the lease. We continue to communicate with landlords of these properties regarding surrender of the properties and the return of keys.

Freehold and Long Leasehold Properties

As detailed in our Proposals, three freehold properties and five long leasehold properties were transferred to the Purchaser on appointment, and not included in the licence to occupy.

In the period covered by this report, two additional freehold properties were identified - a closed store and a garage (with the closed store being owned by MML and the garage being owned by another of the Group Companies). These properties did not transfer to the Purchaser on appointment, and accordingly we will shortly be appointing agents to market them for sale. We have instructed GMS Property Services to carry out inspections of the properties on a fortnightly basis, as required by insurers.

Debtors

We have worked with the Purchaser to collect in the debts due to the McColl's administrations. These included a mixture of commissions and amounts due under contracts and it was not clear whether the administration appointment would mean that there could be reasons for offset or other contractual disputes.

A detailed reconciliation of other amounts owing under commissions, Post Office bankings and under the apprenticeship scheme has meant we have been able to determine that c£7.6m of primarily cash banking and World Pay receipts are due to MML. These receipts were transferred from the pre-appointment bank accounts to another of the McColl's administrations (Martin Retail Group Ltd) and will be transferred to MML in due course. Without the reconciliation work that has been carried out across the various McColl's administrations, we would not have been able to determine that these funds were assets of the administration.

Transitional Services

Payroll

Due to the nature of the businesses, the Companies operated numerous payrolls of varying sizes and frequency. The banking and administrative operations required to facilitate these payments took a period of time for the Purchaser to put in place.

There were two payrolls that were run for the Companies each month, which would include a mid-month payroll and an end of month payroll.

Given the time of the pre-pack sale occurring, it was recognised that the Purchaser would not be able to process the mid-month and end of month payroll in May 2022, as it would have insufficient time to set up the facilities with its bank. As such it was agreed that the Purchaser could continue to use the Companies' facilities for a transitional period and per the terms of the APA, the Joint Administrators would process both May payrolls. APH was required to put the Companies in funds prior to any payments being made and the Purchaser transferred to the Administrators' bank account the funds to enable them to pay the mid-month and end-of-month payroll.

We were informed at the start of June that the facility to process payroll through the Purchaser's bank account was not yet set-up, and as a result, the Administrators would also need to process the June mid-month payroll. Subsequently we were also informed that the end of June payroll would need to be processed by us, to which the Purchaser agreed to cover the costs of this.

In total, we have facilitated payroll payments totalling £22.58m, which were funded in their entirety by the Purchaser.

As the processing of the June payrolls was outside the scope of the APA, APH agreed to cover the costs incurred in the Joint Administrators processing these payrolls. You will note from the MML receipts and payments account that £41k has been received from the Purchaser to cover the Joint Administrators' costs incurred in processing the payrolls outside the scope of the APA. The Joint Administrators intend to seek approval from creditors that amounts received from the Purchaser to cover the Joint Administrators' costs be retained by the Joint Administrators. Further detail is provided in the remuneration report at Appendix E.

Cash sweeps

Under the terms of the APA, the Joint Administrators are contractually required to transfer to the Purchaser, amounts received into the Companies' bank accounts that are attributable to the post-completion period. There is no backstop date contained within the APA for this obligation. For various reasons, the Purchaser has not completed the setup of its own banking facilities during the period covered by this report and the Joint Administrators have been undertaking regular cash sweeps of funds transferred into the Companies' pre-appointment bank accounts.

During the six month period covered by this report, we have actioned numerous sweeps from the pre-appointment bank account to the Purchaser, totalling over £469m. Whilst there is no specified date in the APA for this obligation to end, it was not envisaged that the Joint Administrators and the Companies' pre-appointment bankers would be undertaking cash sweeps on behalf of the Purchaser beyond August 2022.

As well as the time costs incurred by the Joint Administrators in processing these cash sweeps, the processing of the cash sweeps is also a significant operational burden for the Companies' pre-appointment bankers.

Retained contracts

Under the terms of the APA, we have an obligation (at the Purchaser's cost) to provide assistance to APH for a period of 6 months in relation to contracts that the Purchaser wishes to retain. In the period covered by this report we have assisted APH in respect of bank account novation (including Worldpay contracts) and Bryt Energy contracts. Further details are below.

Bank account novation

Under the APA the Administrators agreed to sweep trading cash weekly and sweep post-appointment debtors that were deposited into the pre-appointment bank accounts of the Companies. No long-stop date exists in the APA for this arrangement. In terms of trading cash there are three sources which the Companies were receiving this cash from: Worldpay, cash banked in Post Office Branches and cash collected and bank by Security Plus.

Currently the Purchaser has so far only been able to novate the agreements with Worldpay to allow cash to go directly into its bank accounts. The Purchaser was planning to transfer Post Office and Security Plus cash receipts to its bank account by the end of November, but this has not yet been completed. Given the operational requirements by the pre-appointment bank, the cash sweeps have reduced in frequency since September.

As a result of delays in moving trading cash receipts to the Purchaser's bank account, we have been unable to close one of the pre-appointment bank accounts. The other bank accounts were closed at the end of September.

One of the strategies explored to transfer the receipts to the Purchaser, was the possibility of novating the pre-appointment bank account to the Purchaser. This was suggested as a possibility by the Purchaser's bank. This strategy was outside of the scope of the APA and consequently the Purchaser agreed to cover the costs of the Administrators and their legal advisers in order to draft documents to do this. Ultimately, whilst negotiating the documents it was discovered by the bank that operationally the novation would not work. The administrators are planning to recharge costs of £8.8k plus VAT to the Purchaser, which have been incurred by us and our legal advisers in relation to the assistance provided to APH.

Supply agreement - Bryt Energy

The Companies' had a contract in place with Bryt Energy for its utility supplies. The Purchaser wished to continue with the Companies' contracted rates until it transitioned to a new supplier, as these rates were more favourable than the deemed contract rates and would result in a significant cost saving for the Purchaser. In order to assist the Purchaser, we entered into protracted negotiations with Bryt Energy to agree a letter of undertaking and an indemnity letter between the Joint Administrators and APH to ensure supply was continued on the existing terms for the period from 9 May 2022 through to when APH transitioned to a new energy provider. From 1 October 2022 all energy is provided at a 'deemed rate' as the contract expired on 30 September 2022. It is envisaged that there will be a reconciliation exercise required by Bryt Energy (as set out in the undertaking agreement). The reconciliation exercise cannot be

undertaken for a number of months until all invoices are received, and all meters have transitioned to new providers. As per the terms of the agreement with APH, we have retained a sum of money from the Purchaser in the event that there are further amounts to be paid to Bryt Energy following its reconciliation exercise.

As the work undertaken to assist the Purchaser in relation to the energy contract is not for the benefit of creditors, we agreed with the Purchaser that we would recharge the costs incurred in dealing with this workstream. This includes professional fees (relating to the negotiation and execution of the letter of undertaking), legal fees and time costs. Any further time incurred in relation to the final reconciliation and withdrawing of the undertaking will be recovered in full from APH.

Reimbursement of ransom payments

As noted above, an element of the sales consideration paid by APH was contingent consideration of £8m. This amount was for the benefit of creditors, to the extent that it was not used to reimburse APH for any ransom payments that it was required to make.

During the period of this report, APH was required to make a number of ransom payments which were critical to ensuring that trading was not interrupted. A total of £3.5m has been reimbursed to APH during the period of this report, with a further £543k being reimbursed to APH after the period covered by this report. This leaves residual funds of c£4m for the benefit of creditors.

Suppliers and retention of title

Per the terms of the APA, the Purchaser is required to deal directly with the owners of third party equipment in relation to the continued use of such equipment. In addition, the Purchasers are obliged to deal with any retention of title claims and:

- settle, compromise or secure the withdrawal of the claims of suppliers or third parties in relation to the third party title stock on terms that the relevant supplier and/or third party shall have no claim against the Administration estates; or
- make such stock available to the owners thereof for uplift without cost to the Administration estates

Whilst APH had an obligation to deal with all third party stock claims, it was necessary to assist APH in reaching a commercial settlement in respect of a retention of title claim from one of its major suppliers, to ensure the ongoing supply to APH. This involved negotiations with both APH and the supplier. Through negotiations with APH, we reached an agreement whereby APH would fund £100k of the ransom payment that was made (without claiming from the £8m contingency consideration), thereby providing a benefit of £100k for the creditors.

Rates refunds

We have instructed The Workplace Company to assist with the collection of a number of rates refunds that are due to the Companies (as a result of the transfer of stores to the Purchaser/ historical store closures etc). The Workplace Company had been assisting the Group in respect of rates refunds prior to appointment and therefore had knowledge of the Group and were best placed to assist with this workstream. In addition, we have been liaising with rating authorities directly in respect of any credits following account closure. During the period of this report, a total of £47.5k has been realised in relation to rates refunds across the Companies and these receipts are reflected on the receipts and payments account at Appendix A.

Monies due to MML from other group companies

During the period covered by this report, we have been able to determine that c£7.6m of primarily cash banking and World Pay receipts were transferred into the Martin Retail Group Ltd (MRG) administration bank account in error and are an asset of MML. A payment of this amount from MRG to MML will be undertaken in due course and will be reflected on the receipts and payments account in the next period.

Payments made by MML on behalf of other group companies

During the period covered by this report, there have been various expenses incurred by the Companies. Until such time as the sales consideration has been allocated across the Group Companies, there are certain estates which had insufficient funds to discharge the liabilities. As a result, these expenses were discharged by MML and will be reimbursed by the other Group Companies once the sales consideration has been allocated appropriately.

Cancellation of PLC's listing

Shares in PLC were suspended on 6 May 2022 following the notice of intention to appoint administrators. In the period covered by this report, we have corresponded with both the FCA and the keeper of the register regarding the cancellation of the listed shares.

Connected party transactions

To date, no assets have been disposed of by the Joint Administrators to a party (person or company) with a connection to the directors, shareholders or secured creditors of the Companies or their associates and the Joint Administrators are not seeking approval from creditors to make a substantial disposal to a connected person

Approval of our proposals

We issued our proposals to creditors for achieving the purpose of administration on 27 May 2022.

We stated in our proposals that we didn't anticipate that there would be sufficient funds in any of the Companies, (other than MML), to enable a dividend to be paid to unsecured creditors in any of these entities, other than from the prescribed part.

As a result, we did not have to hold a creditors' meeting to approve our proposals and we advised that our proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our proposals for CML, DSL, PLC and SSL were treated as approved on 10 June 2022.

In respect of MML, as we anticipate that there will be a return to creditors over and above the prescribed part, a decision procedure was held. Creditors approved our proposals by a deemed consent on 15 June 2022.

Creditors' Committee

In respect of the Group Companies other than MML, there has been no decision procedure process to date and therefore no creditors' committee has been formed.

In MML, a resolution was passed via deemed consent that no creditors committee should be formed.

Investigations and actions

During the period, we fulfilled our statutory obligations in relation to the office holders' initial SIP2 assessment and filed our submissions on the conduct of the directors of MRG and CRL with the Insolvency Service, the contents of which are confidential.

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 administrations from 9 May 2022 to 8 November 2022

CML and DSL

There have been no receipts or payments in the period. Any expenses incurred by CML and DSL in the period that required settling have been paid by MML and will be refunded by CML and DSL in due course, once the sale proceeds allocation is finalised and paid over to the other entities. These are detailed in the expenses table on the following pages.

SSL

There have been no receipts and payments in the period, other than a small rates refund receipt.

PLC

Receipts in the period relate to rates refunds totalling £5,356 and payments relate to costs of obtaining share plan records and the register of members

MML

Receipts in the period include:

- Sales consideration of £182m, plus contingent consideration of £8m. These funds are currently held within the suspense account, along with £7m licence to occupy fee and £3m from APH to cover any required purchases. These amounts will be reallocated from the suspense account once the sales consideration allocations have been finalised;
- Post Office cash in transit of £656k
- Payroll funding from Newco of £22.58m;
- Rates refunds of £43k;
- Receipts from the pre-appointment account belonging to Newco of £469m;
- LTO rent, service charge and insurance funding of £10.4m;
- Bank interest of £297k;
- Payroll processing costs funded by APH of £41k;
- Funding of £11.5m from APH in respect of Bryt Energy payment

In addition, during the period covered by this report, we have been able to determine that c£7.6m of primarily cash banking and World Pay receipts were transferred into the Martin Retail Group Ltd (MRG) administration bank account in error and are an asset of MML. A payment of this amount from MRG to MML will be undertaken in due course and will be reflected on the receipts and payments account in the next period.

Payments include:

- A distribution to the secured lender of £164.3m (currently this has all been paid from MML as the sales consideration has not been allocated across the Group Companies and is all in an MML bank account. Once the allocation of the sales consideration has taken place, the distribution to the lender will also be apportioned appropriately)
- Payments to APH totalling £469m in relation to amounts received into the pre-appointment bank account which belong to APH;
- Reimbursement to APH of ransom payments made by APH of £3.5m;
- A duress payment of £142k;
- Professional fees of £2.5k for the preparation of the statement of affairs;
- LTO rent, service charge and other payments of £7.3m (funded by APH);
- Commission payments in respect of rates refund collections of £9k;
- Legal costs of £165k;
- Other professional fees of £1,632;
- Payments on behalf of other Group Companies of £156k (these costs will be reimbursed to MML in due course);
- Wages and salaries payments totalling £22.58m (which have been funded in their entirety by APH);
- A payment to Bryt Energy in respect of the utility contract of £7m

Our expenses

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

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

Our fees and fee request

We attach at Appendix E our remuneration report in which we seek approval in relation to our time costs and expenses incurred to date.

CML, DSL, PLC & SSL

We do not anticipate that there will be funds available to the unsecured creditors (other than via the prescribed part), so it is up to the secured and preferential creditors to approve our fees. We will therefore issue separate instructions to the secured and preferential creditors on how to vote. If you are an unsecured creditor of any of these Companies you do not need to do anything as this report is for your information only.

MML

As we anticipate that there will be a distribution to unsecured creditors over and above the prescribed part, the general body of creditors has responsibility for approving our fees. A decision procedure form is contained within the remuneration report at Appendix E which explains what you need to do should you wish to vote on the decision procedure.

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously detailed in our proposals. Other than MML, we will be asking the secured and preferential creditors of the Companies to approve payment of these as costs of the administrations at the same time as we seek our fee approvals.

In respect of MML, we will be asking the general body of creditors of MML to approve payment of these as costs of the administrations at the same time as we seek our fee approvals.

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 Joshua Liburd, on 0113 289 4000.

What we still need to do

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

- Manage the LTO process and assign leases which remains a substantial undertaking given the size of the store estate;
- Seek surrender of leases where the Purchaser terminates the LTO and continue to offer surrender of leasehold properties not included in the LTO;
- Dispose of freehold and leasehold properties excluded from the sale;
- Deal with cash sweeps to APH, until such time as its banking facilities are fully set up;
- Finalise the Bryt Energy undertaking once a reconciliation has been completed by Bryt Energy;
- Continue to collect pre-appointment debtors along with outstanding supplier rebates;
- Obtain any further rates refunds due to the Companies;
- Submit VAT and tax returns;
- Pay a distribution to preferential creditors;
- Make prescribed part distributions where necessary;
- Pay an unsecured distribution in MML;
- Manage the wind down of the Companies and move to dissolution

Next steps

We expect to send our next report to creditors in about six months.

We are continuing to deal with the properties subject to the LTO and to realise the remaining assets, and will provide a further update in our next report to creditors in 6 months time.

If you've got any questions, please get in touch with Joshua Liburd at uk_mccolls_generalenquiries@pwc.com

Yours faithfully
For and on behalf of the Companies



Toby Banfield
Joint Administrator

Appendices

Appendix A: Receipts and payments

Charnwait Management Limited

		CML
Statement of Affairs	Receipts and Payments from 9/05/2022 to 8/11/2022	Charnwait Management Limited
£	£	
	Receipts (note 1)	
291,244	Intangible Assets	-
5,843	Investments	
	Total fixed charge realisations	
	Total fixed charge receipts	-
	Floating charge receipts (note 1)	
13,601	Motor vehicles	
3,898	Hardware	
13,362	Software	
89,722	Fixtures and Fittings	
16,227	Inventories	
38	Trade receivables	
4	Accrued income	
210,045	Intercompany receivables	
	Total receipts	-
	Floating charge payments	
	Total payments	-
	Cash held	-

Dillons Stores Limited

		DSL
Statement of Affairs	Receipts and Payments from 9/05/2022 to 8/11/2022	Dillons Stores Limited
£	£	
	Receipts (note 1)	
657	Property	-
5,375,608	Intangible Assets	
	Total fixed charge realisations	
		-
	Total fixed charge receipts	-
	Floating charge receipts (note 1)	
34,755	Motor Vehicles	
63,661	Hardware	
218,249	Software	
1,376,778	Fixtures and Fittings	
405,002	Inventories	
762,265	Trade receivables	
79,386	Accrued income	
6,395,307	Intercompany receivables	
	Total receipts	-
	Floating charge payments	
	Total payments	-
	Cash held	-

		MML	
Statement of Affairs		Receipts and Payments from 9/05/2022 to 8/11/2022	
£		£	
Property	2,734,297	Receipts	
Intangible assets	82,055,631		
			-
		Total fixed charge realisations	
		Total fixed charge receipts	-
		Fixed charge payments	
		Distribution to secured lender (note 2)	60,798,194
		Total fixed charge payments	60,798,194
		Fixed charge balance	- 60,798,194
		Floating charge receipts	
Motor vehicles	883,319		
Hardware	1,620,511		
Software	5,546,949		
Fixtures and fittings	31,921,749		
Inventories	5,714,475		
Post Office commissions	1,347,684	Post Office Cash in Transit	656,355
Accrued income	1,142,427		
Intercompany receivables	261,015		
Trade receivables	10,969,542	Book debts	1,450,000
		Payroll processing costs (charged to APH) Note 3	41,432
		Rates and Other Refunds	43,338
		Bank Interest Gross	296,747
		Vat Payable	3,493,910
		Funds in suspense account (note 1)	200,085,358
		Total receipts	206,067,141
		Floating charge payments	
		Distribution to secured lender (note 2)	103,507,274
		Ransom Payment Reimbursement	3,512,538
		Duress payments	142,087
		Professional Fees	2,571
		Agents' Fees - Property & Assets	9,256
		Legal fees & Expenses	165,497
		Professional Fees - Indigo Corporate Gov	1,632
		Payments on behalf of other group companies (note 4)	155,571
		PAYE/NIC and Pension Deductions	2
		Finance / Bank interest & charges	150

VAT Receivable	2,130,500
Vat Control Account	2,203,160
Total payments	111,830,238
Net floating charge receipts	94,236,902
Funds received to be transferred to APH (note 5)	
Funds from pre-appointment account	469,306,179
Funds paid to APH	469,306,194
	- 15
Payments funded by and made on behalf of APH (note 6)	
Payroll Funds from NewCo	22,588,797
Wages & Salaries	- 22,588,218
Bryt Energy funding from APH	11,509,253
Payment made on behalf of APH - Bryt Energy	- 7,091,044
Balance of funds held	4,418,788
LTO funding	
LTO - Rent	10,000,000
LTO - Service Charge	159,430
LTO - Insurance	237,871
	10,397,301
LTO payments	
LTO Insurance	70,221
LTO Rent	7,214,858
LTO - Other inc water, utilities, parking	5,408
LTO Service Charge	80,033
	7,370,520
Balance at end of period	40,884,262

		PLC
Statement of Affairs	Receipts and Payments from 9/05/2022 to 8/11/2022	McColl's Retail Group Plc
£	£	
	<u>Receipts</u> (note 1)	-
	Total fixed charge realisations	
	Total fixed charge receipts	-
	Floating charge receipts	
	Rates and Other Refunds	5,356.29
	Bank Interest Gross	11.46
1,008,819	Intercompany receivables	
	Total receipts	5,367.75
	Floating charge payments	
	Professional Fees	437.50
	Share Registration Services	1,485.00
	Total payments	1,922.50
	<u>Net Receipts/(Payments)</u>	<u>3,445.25</u>
	VAT Control Account	(384.50)
	Balance held in interest bearing current account	3,060.75

Smile Stores Limited

		SSL
Statement of Affairs	Receipts and Payments from 9/05/2022 to 8/11/2022	Smile Stores Limited
£	£	
	Receipts (note 1)	
5,042,535	Intangible Assets	-
	Total fixed charge realisations	
		-
	Total fixed charge receipts	-
	Floating charge receipts (note 1)	
	Rates and Other Refunds	596.12
	Bank Interest Gross	0.35
59,281	Motor Vehicles	
108,585	Hardware	
372,262	Software	
1,753,827	Fixtures and Fittings	
400,274	Inventories	
698,546	Trade receivables	
63,481	Accrued income	
3,325,145	Intercompany receivables	
	Total receipts	596.47
	Floating charge payments	
	Total payments	-
	Cash held	596.47

Notes to the receipts and payments accounts

1. As you will be aware from our statement of proposals, the sales consideration was paid into a Martin McColl bank account and was awaiting allocation across the various estates and asset classes. At the time of writing this report, this allocation exercise was still ongoing and therefore the receipts and payments accounts above do not reflect any sales consideration. We have detailed below the proposed allocations per entity and asset class, which will be allocated to the various entities (including CML, DSL, PLC and SSL) in due course and will be reflected on the receipts and payments accounts in our next progress report.
2. The entirety of the distribution to the secured lender has been paid from a Martin McColl Ltd bank account and is reflected on the MML receipts and payments account above. The proportion of the indebtedness due from the other Group Companies will be reimbursed to MML by the other Group Companies once the exercise to allocate the sales consideration appropriately across the various entities has been completed. At which point, the funds that are held within the suspense account will be allocated against fixed and floating receipts in the individual entities as required.
3. (MML) As stated earlier in this report, we processed additional payrolls which were outside the scope of the APA. We therefore agreed with the Purchaser that our time costs would be covered by the Purchaser for undertaking the additional payrolls.
4. (MML) As we have stated earlier in this report, there were certain expenses incurred by other Group Companies which were not in funds to settle the expenses (due to the allocation of the sales consideration having not been completed). The amounts paid by MML which are attributable to other Group Companies will be reimbursed to MML by those entities in due course.
5. (MML) As per the obligations under the APA, we are required to sweep cash received from the pre-appointment which belongs to the Purchaser. These amounts reflect funds that have been received from the pre-appointment account which belong to the Purchaser and have therefore been paid across.
6. These amounts relate to payments made to assist the Purchaser during the transition period. The Purchaser funded these payments in their entirety. The balance of the funds held relates to an additional amount which was requested from the Purchaser prior to the payment to Bryt Energy being made. These funds will be retained until such time as the final reconciliation has been completed by Bryt Energy following the Purchaser's transition to another energy provider, in case there are additional amounts due to Bryt Energy.

General notes:

- Funds are held in interest bearing accounts
- Amounts shown exclude VAT. Funds currently held may include monies due to HMRC or other members of a VAT group, or exclude monies which will be received in due course from these parties.

Proposed allocation of sales consideration:

	Plc	MML	MRG	Clark	Dillons	Smile	Charnwait	
	McColl's Retail Group Plc	Martin Mcoll Limited	Martin Retail Group Limited	Clark Retail Limited	Dillons Stores Limited	Smile Stores Limited	Charnwait Management Ltd	Total
The Properties	- 2,665,000.00	70,000.00	-	-	-	-	-	2,735,000
The Stock	- 7,675,088.74	2,030,816.06	32,266.66	543,957.14	547,794.59	21,793.89		10,851,717
The Prepayments	- 4,194,602.42	1,106,908.97	-	291,291.84	233,033.47	-		5,825,837
The Equipment	- 32,902,854.69	4,493,130.02	109,967.52	1,326,568.53	2,021,970.44	113,866.80		40,968,358
The Goodwill and other intangible assets*	- 78,689,322.99	21,839,941.13	467,166.04	5,281,175.07	4,974,288.03	277,734.88		111,529,628
The IT Systems (Hardware and Software)	- 6,896,052.97	941,707.43	23,047.90	278,033.23	423,781.32	23,865.15		8,586,488
The Completion Cash Amount	- 2,626,245.36	693,036.97	-	182,378.15	145,902.52	-		3,647,563
The Plc Supplier Contracts	1,900,000							1,900,000
Total	1,900,000	135,649,167	31,175,541	632,448	7,903,404	8,346,770	437,261	186,044,591

*Other intangibles includes Business intellectual property, supplier contracts, company records, customer contracts, marketing information, the licences and employee records

Note: The consideration for the sale was made up of non-contingent consideration of £182.1m, plus a contingent amount of consideration up to £8m available for unsecured creditors across the seven entities. The contingent consideration that will be crystallised as available for distribution for the seven entities is £4m.

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 don't 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 this case the secured and preferential creditors in all of the Companies other than MML and the general body of creditors in MML) also have the responsibility for agreeing the policies for payment of Category 2 expenses.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

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

Expenses table

Category	Costs incurred by	Policy	Costs incurred/£				
			CML	DSL	MML	PLC	SSL
2	PwC	Postage	-	-	1941		
2	PwC	Administrators bond	225	225	225	225	225
2	PwC	Photocopying - up to 10pm per side copied, only charged for circulars to creditors and other bulk copying	-	-	1180	-	-
1	PwC	Mileage - At a maximum of : - Petrol/diesel/hybrid 64 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc) - Full electric 72 pence per mile - Bicycle 12 pence per mile	-	-	14	-	-
1	PWC	Travel expenses	-	-	997	89	-
1	PWC	Courier	-	-	5		
1	PWC	Land Registry searches	-	-	36	-	-
Total			-	-	4398	314	225

We are seeking approval for Category 2 expenses as set out above in our attached remuneration report.

The tables below provide details of the expenses incurred in the administrations.

Charnwait Management Limited

Nature of expenses	Incurred in the period		Anticipated total (£)
	under review (£)	Estimated future (£)	
Legal fees	543	18,000	18,543
Insurance	123	491	614
Statement of affairs	2,571	-	2,571
Statutory advertising	36	-	36
Professional fees (Corporate Governance)	1,148	-	1,148
Pre-administration costs - PwC	304	-	304
Pre-administration legal fees	182	-	182
Administrators' disbursements	-	350	350
Total Expenses	4,907	18,841	23,748

Note: the following amounts in the expenses table above have been paid by MML and will be reimbursed in due course:

Legal fees of £543, professional fees of £535 and statement of affairs fee of £2,571.

Dillons Stores Limited

Nature of expenses	Incurred in the period		Anticipated total (£)
	under review (£)	Estimated future (£)	
Legal fees	8,707	75,293	84,000
Insurance	3,439	13,756	17,195
Statement of affairs	2,571	-	2,571
Statutory advertising	36	90	126
Professional fees (Corporate Governance)	1,148	-	1,148
Pre-administration costs - PwC	15,944	-	15,944
Pre-administration legal fees	9,596	-	9,596
Administrators' disbursements	-	500	500
Total Expenses	41,441	89,639	131,080

Note: the following amounts in the expenses table above have been paid by MML and will be reimbursed in due course:

Legal fees of £8,707, professional fees of £535 and statement of affairs fee of £2,571.

Martin McColl Limited

Nature of expenses	Incurred in the period under review (£)	Estimated future (£)	Anticipated total (£)
Legal fees	174,190	976,310	1,150,500
Insurance	47,102	188,407	235,509
Property inspection costs	342	4,382	4,724
Statement of affairs	2,571	-	2,571
Statutory advertising	36	90	126
Professional fees (Corporate Governance)	1,632	613	2,245
Agents fees	-	6,615	6,615
Pre-administration costs - PwC	268,018	-	268,018
Pre-administration legal fees	161,105	-	161,105
Administrators' disbursements	4,397	5,000	9,397
Total Expenses	659,393	1,181,416	1,840,809

McColl's Retail Group PLC

Nature of expenses	Incurred in the period under review (£)	Estimated future (£)	Anticipated total (£)
Legal fees	51,396	3,000	54,396
Insurance	61	246	307
Statement of affairs	2,571	-	2,571
Statutory advertising	36	90	126
Professional fees (Corporate Governance)	3,321	-	3,321
Pre-administration costs - PwC	197	-	197
Pre-administration legal fees	119	-	119
Administrators' disbursements	314	1,000	1,314
Total Expenses	58,015	4,336	62,351

Note: the following amounts in the expenses table above have been paid by MML and will be reimbursed in due course:

Legal fees of £51,396 Professional fees of £785.50 and statement of affairs fee of £2,571

Smile Stores Limited

Nature of expenses	Incurred in the period under review (£)	Estimated future (£)	Anticipated total (£)
Legal fees	7,074	43,926	51,000
Insurance	2,027	8,106	10,133
Statement of affairs	2,571	-	2,571
Statutory advertising	36	90	126
Professional fees (Corporate Governance)	1,265	-	1,265
Pre-administration costs - PwC	15,214	-	15,214
Pre-administration legal fees	9,157	-	9,157
Administrators' disbursements	225	1,000	1,225
Total Expenses	37,569	53,122	90,691

Note: the following amounts in the expenses table above have been paid by MML and will be reimbursed in due course:

Legal fees of £7,024, professional fees of £652 and statement of affairs fee of £2,571.

The tables above 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 tables should be read in conjunction with the receipts and payments accounts at Appendix A, which show expenses actually paid during the period and the total paid to date.

Appendix C: Pre-administration costs

Our expenses include pre-administration costs that (if approved) would be payable as an expense of the administration and which were explained in more detail in our proposals dated 27 May 2022. Whilst pre-administration costs are subject to approval in the same manner as our remuneration, they do not form part of our remuneration in relation to our work as Joint Administrators following our appointment.

Nature of costs	CML £	DSL £	MML £	PLC £	SSL £	Total
Fees charged by the administrators	304	15,944	268,018	197	15,214	299,677
Pre-appointment legal fees	182	9,596	161,105	119	9,157	180,159
Total	486	25,540	429,123	316	24,371	479,836

In accordance with statutory requirements, we are required to obtain fee approval from creditors in respect of the costs summarised above and detailed in our proposals. In respect of CML, DSL, PLC and SSL we propose to obtain pre-administration cost approval from the secured and preferential creditors via a decision procedure, details of which will be provided to the secured and preferential creditors separately. In respect of MML, we propose to obtain pre-administration cost approval from the general body of creditors via a decision procedure, details of which will be provided to the general body of creditors separately.

Appendix D: Other information

Court details for the administration:	In the High Court of England and Wales, Business and Property Courts, The Insolvency and Companies List (Chancery Division) CR-2022-001340
Company's registered name:	Charnwait Management Limited
Trading name:	N/A
Registered number:	04444181
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	9 May 2022
Joint Administrators' names and addresses:	Mark James Tobias Banfield, PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT Rachael Maria Wilkinson, PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH Robert Nicholas Lewis, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
Extension(s) to the initial period of appointment:	N/A

Court details for the administration:	In the High Court of England and Wales, Business and Property Courts, The Insolvency and Companies List (Chancery Division) CR-2022-001343
Company's registered name:	Dillons Stores Limited
Trading name:	N/A
Registered number:	03498958
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	9 May 2022
Joint Administrators' names and addresses:	Mark James Tobias Banfield, PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT Rachael Maria Wilkinson, PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH Robert Nicholas Lewis, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
Extension(s) to the initial period of appointment:	N/A

Court details for the administration:	In the High Court of England and Wales, Business and Property Courts, The Insolvency and Companies List (Chancery Division)
--	---

CR-2022-001342	
Company's registered name:	Martin McColl Limited
Trading name:	N/A
Registered number:	00298945
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	9 May 2022
Joint Administrators' names and addresses:	<p>Mark James Tobias Banfield, PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT</p> <p>Rachael Maria Wilkinson, PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH</p> <p>Robert Nicholas Lewis, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT</p>
Extension(s) to the initial period of appointment:	N/A
CR-2022-1341	
Court details for the administration:	In the High Court of England and Wales, Business and Property Courts, The Insolvency and Companies List (Chancery Division)
Company's registered name:	McColl's Retail Group PLC
Trading name:	N/A
Registered number:	08783477
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	9 May 2022
Joint Administrators' names and addresses:	<p>Mark James Tobias Banfield, PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT</p> <p>Rachael Maria Wilkinson, PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH</p> <p>Robert Nicholas Lewis, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT</p>
Extension(s) to the initial period of appointment:	N/A
Court details for the administration:	In the High Court of England and Wales, Business and Property Courts, The Insolvency and Companies List (Chancery Division)

	CR-2022-001344
Company's registered name:	Smile Stores Limited
Trading name:	N/A
Registered number:	00641258
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	9 May 2022
Joint Administrators' names and addresses:	<p>Mark James Tobias Banfield, PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT</p> <p>Rachael Maria Wilkinson, PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH</p> <p>Robert Nicholas Lewis, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT</p>
Extension(s) to the initial period of appointment:	N/A

Appendix E: Remuneration update

During the period covered by this report, we have reviewed the fee options and prepared our remuneration report. A separate remuneration report has been prepared to provide creditors with more information in relation to our fees. The report will be published on our website www.pwc.co.uk/mccolls along with this report and a hard copy can be obtained by contacting Joshua Liburd on 0113 289 4000. We will be seeking fee approval for our time on a time cost basis, a percentage of realisations and a fixed fee basis from the secured and preferential creditors (for all Companies other than MML) and the general body of creditors for MML).