

2.24B

Administrator's progress report

Name of Company
David Price Food Services Limited

Company number
00128852

In the High Court Leeds District Registry <small>[full name of court]</small>

Court case number
1220 of 2013

We
 Howard Smith
 KPMG LLP
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 Leeds
 LS1 4DW United Kingdom

Mark Granville Firmin
 1 The Embankment
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Administrators of the above company attach a progress report for the period

from	to
30 September 2013	29 March 2014

Signed *Howard Smith*
 Joint Administrators

Dated 14 April 2014

Contact Details:

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

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WEDNESDAY



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**David Price Food Services
Limited in administration (“the
Company”)**

**Progress Report to creditors
for period from 30 September
2013 to 29 March 2014
pursuant to Rule 2.47 of the
Insolvency Rules 1986 (as
amended)**

KPMG LLP
10 April 2014

This report contains 14 pages plus Appendices

HS/LL/JS



*David Price Food Services Limited in administration
for period from 30 September 2013 to 29 March 2014 pursuant to Rule 2.47 of the
Insolvency Rules 1986 (as amended)
10 April 2014*

Notice: About this Report

This Report has been prepared by Howard Smith and Mark Granville Firmin, the Joint Administrators of David Price Food Services Limited, solely to comply with their statutory duty under the Insolvency Act 1986 and Insolvency Rules 1986 to provide creditors with an update on the progress of the Administration of the estate, 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 is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in David Price Food Services Limited.

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

Any person that chooses to rely on this Report for any purpose or in any context other than the Insolvency Act and Insolvency Rules 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

Mark Granville Firmin is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

The Joint Administrators act as agents for David Price Food Services Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.

All figures contained within the Report, unless otherwise stated, are net of VAT.



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10 April 2014*

Glossary

Joint Administrators	Howard Smith and Mark Granville Firmin of KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
Administration Order	The Administration Order granted by the High Court of Justice, Chancery Division, Leeds District Registry, in respect of David Price Food Services Limited on 30 September 2013 Court Administration Order number 1220 of 2013
the Company	David Price Food Services Limited (Company registered number 00128852)
the Directors	David Geoffrey Price, Susan Elsie Price, Paul Andrew Martin, David John Lyon and Robert Alan Smith
the Purchaser	The Ice Co Distribution Limited
IA 86	The Insolvency Act 1986
IR 86	The Insolvency Rules 1986
KPMG	KPMG LLP
Clarion	Clarion Solicitors Limited
SW	Sanderson Weatherall LLP
Yorkshire Bank	Yorkshire Bank Plc
Close	Close Invoice Finance Limited
HMRC	HM Revenue and Customs
RPO	Redundancy Payments Office
RRG	Receivables Realisation Group
Pension Fund	David Price Pension Fund
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
Secured Creditors	Yorkshire Bank Plc, Close Invoice Finance Limited and David Price Pension Fund



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1 **Executive Summary**

- This progress report covers the period from appointment to 29 March 2014
- The Joint Administrators' Statement of Proposals was approved on 2 December 2013 and has not been modified (see section 2 Statement of Proposals)
- As reported with my proposals, a sale of the Company's Cold Storage business and certain assets was concluded shortly after the appointment of the Joint Administrators on 30 September 2013. The Company's Haulage business ceased to trade immediately on my appointment.
- There was no prospect of saving the Company. Therefore, the purpose of the Administration, in accordance with Paragraph 3(1)(b) of the Act 1986 is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- Based on the expected level of realisations and the amounts owed to the Secured Creditors, it is unlikely that there will be sufficient funds available to facilitate a distribution to either preferential or unsecured creditors.
- The Administration is currently due to end on 29 September 2014. The exit route for the Administration will be via dissolution of the Company. There are a number of outstanding matters that need to be finalised before the Administration can be concluded, and if these cannot be concluded by 29 September 2014 then an extension to the Administration will be sought.
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information.
- This progress report should be read in conjunction with our previous reports sent to the Company's creditors.

Howard Smith
Joint Administrator



2 Background

2.1 History of the Company

As previously reported, the Company operated as a haulier of chilled and frozen foods across the United Kingdom and Europe. The Company also provided Cold Storage facilities in both Tyneside and Glasgow. The Company's head office was based in North Shields, Tyne and Wear and the Company had depots in six other locations throughout England and Scotland.

At the date of the Administration, the Company employed 144 members of staff.

2.2 Events leading to the appointment of the Joint Administrators

The Company had experienced trading difficulties resulting in significant pre-tax losses for the financial years ended 31 August 2010 and 2011. The Directors sought external investment without success and had considerable PAYE and VAT arrears with HMRC. Based upon the improvement in trading performance indicated by the draft actual and forecast management accounts to 31 August 2012, and coupled with further cost savings identified, the Directors proposed a Company Voluntary Arrangement ("CVA") in August 2012 to preserve the viability of the ongoing business and compromise the legacy debt resulting from losses in 2010 and 2011.

Howard Smith and Mark Firmin of KPMG were appointed Joint Supervisors of the Company's CVA on 5 September 2012. The terms of the CVA required total contributions of £900,000 to be paid in equal monthly instalments over five years and for payments to HMRC to be kept up to date. It was anticipated that this would result in a total return to unsecured creditors of circa 38p in the £ after costs.

During the course of the CVA the Company experienced increased cash flow pressure arising from the loss of customers and faced a significant increase in their cost base (predominantly fuel and utilities). As a consequence the Company fell behind with their payments to HMRC.

On 2 September 2013 the Company requested a Time to Pay agreement with HMRC to deal with payment of arrears of PAYE and VAT. This request was declined by HMRC who approached the Joint Supervisors on 5 September 2013 to advise of the Time to Pay request. HMRC also requested that due to a breach of the CVA, and failure of the Company to remedy the breach that the Joint Supervisors should terminate the CVA under its terms.

On 12 September 2013 the Directors of the Company approached KPMG to discuss the implications of the breach of the CVA. As a result of the Company's financial difficulties, KPMG were engaged by the Directors on 12 September 2013 to commence contingency planning.



A Notice of Intention to Appoint Administrators was filed on 12 September 2013 to provide the Company with moratorium protection from creditors until 26 September 2013. A further Notice of Intention was then subsequently filed on 27 September 2013.

On 30 September 2013, Howard Smith and Mark Granville Firmin of KPMG LLP were appointed Joint Administrators over the Company.

3 Progress to date

3.1 Sale of the Cold Storage business and assets

The circumstances relating to the pre-packaged sale of the Cold Storage business and assets was fully outlined in the Joint Administrators proposals that were circulated to all creditors on 20 November 2013 and also in the memorandum relating to the sale that was sent to all creditors on 4 October 2013.

As previously reported, the Joint Administrators concluded a pre-packaged sale of the Cold Storage business and assets of the Company to The Ice Co Distribution Limited ("the Purchaser") immediately following their appointment.

This included a sale of the Company's interest in the Head Office and cold storage facilities in North Shields, the freehold premises at Glasgow plus related fixtures and fittings at both sites, various items of equipment, intellectual property, goodwill customer contracts and lists, stock, transferred records and IT systems.

The total consideration of £1.1 million was received on completion (see section 3.3.1.1 for allocation).

3.2 Haulage business and remaining assets

As previously reported, the Joint Administrators concluded that it was not possible to trade the chilled haulage business due to the loss-making nature of the business. In addition, the Company's motor fleet insurance policy expired at midnight on 29 September 2013, meaning the Company's vehicles would be uninsured.

There were a number of customer deliveries that were scheduled for the date of the Administration appointment on 30 September 2013. In order to fulfil these orders and protect the value in the Company's debtor ledger, the Directors reached an agreement with Langdons, an alternative haulage company, to make these deliveries.

Close agreed to underwrite the costs incurred by Langdons, which totalled £47,044 plus VAT, and have also underwritten some other unavoidable costs incurred by the Joint Administrators.

110 employees within the haulage business were made redundant immediately following the Administration appointment, with five employees being retained initially to assist the



Administrators with closure formalities All of these employees have now been made redundant

SW was instructed to deal with the recovery and sale of the Company's unencumbered vehicles which realised £23,500 in total SW also dealt with the repatriation of financed vehicles back to the respective finance companies

3.3 Collection of Book Debts

As previously reported Close have a debt purchase agreement in respect of an Invoice Discounting facility provided to the Company Close engaged the KPMG Receivables Realisation Group ("RRG") to collect the Company's debtors ledger on their behalf

Under the terms of this separate engagement with Close, KPMG RRG was entitled to a fee calculated at 5% on all debtor realisations from the date of the Administration appointment

Book debt realisations to date are £2,084,012 Further recoveries are subject to the result of ongoing litigation and are prudently being deemed as irrecoverable As such, no further realisations are expected in relation to the debtor ledger

KPMG RRG have been paid a fee of £125,454 by Close in respect of the book debts collected to date KPMG RRG have incurred time costs of £208,118 and expenses of £2,971 to date in connection with this separate engagement These costs have been excluded from the Joint Administrators' time costs analysis detailed in Appendix 3 and expenses analysis detailed in Appendix 4 of this report

3.4 Pension Fund assets

The Pension Fund has the benefit of a fixed charge over specific Company chattel assets

The Pension Fund's exposure on appointment was £144,000 Three of the Trustees of the Pension Fund are also Directors of the Company The Trustees exercised their step in rights and undertook to market the chattel assets themselves As the Pension Fund assets were registered in the name of the Company, the Joint Administrators were required to broker the sale Confirmation was sought from the Trustees prior to the asset sales being concluded

These assets have now been sold for a total consideration of £115,000, resulting in a shortfall of £29,000 to the Pension Fund



3.5 Joint Administrators' actions since appointment

Since 30 September 2013, the Joint Administrators have been engaged primarily in

- Completion of the sale of the Cold Storage business and assets of the Company,
- Liaising with KPMG RRG regarding collection of Company book debts that had been excluded from the sale,
- Realising remaining haulage business assets not sold under the Sale and Purchase Agreement ("SPA"),
- Overseeing the repatriation of finance leased assets and appraising insurers of disposals where necessary,
- Liaising with the Directors regarding disposals of Pension Fund assets,
- Dealing with numerous queries from the DVLA and insurance companies regarding the Company vehicles,
- Responding to creditor queries,
- Reporting to creditors,
- Establishing the tax and VAT position of the Company,
- Statutory and compliance matters, and
- Making distributions to Secured Creditors

3.6 Statement of Proposals

The Joint Administrators' Statement of Proposals was circulated to all known creditors of the Company on 20 November 2013

Pursuant to Paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986 the Joint Administrators did not convene a creditors meeting as it was considered that the Company had insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) (Prescribed Part), were that to apply

The Joint Administrators' Statement of Proposals, as circulated, was deemed approved on 2 December 2013. No modifications were received.



3 7 Approval of Pre-Administration costs

As previously reported, the following work was carried out prior to our appointment with a view to placing the Company into Administration

- KPMG advised the Directors regarding the Administration appointment
- KPMG assisted with the sale of business process as detailed in the SIP 16 memorandum sent on 4 October 2013 (attached as Appendix 7)
- KPMG liaised with key stakeholders throughout the sale of business process,
- Clarion Solicitors Limited (“Clarion”) prepared and filed the appointment documents Clarion also prepared the sale of business contract, and
- Sanderson Weatherall LLP (“SW”) prepared a valuation of the Company’s assets which was required in order to assess the offer received from the Purchaser

It is due to the nature of a pre-packaged sale that these costs had to be incurred prior to the appointment of the Joint Administrators

The work carried out by KPMG, Clarion and SW led to the completion of the pre-packaged sale This sale ensured that realisations were maximised and will further assist in achieving the Paragraph 3(1) (b) purpose of the Administration

KPMG’s work was carried out under an engagement letter dated 12 September 2013 with the Company KPMG were paid a fee of £15,000 by Close in this respect

As previously reported, in accordance with Rule 2 33(2) (B) of IR86 the following pre-Administration costs had been incurred but were unpaid

	Unpaid £	Total £
Clarion fees	10,000 00	10,000 00
Clarion disbursements	151 56	151 56
Scottish lawyer fees	4,500 00	4,500 00
Scottish lawyer disbursements	216 00	216 00
SW fees re property valuations	2,600 00	2,600 00
SW fees re valuation of other assets	1,250 00	1,250 00
Total	18,717.56	18,717.56



The Joint Administrators sought, and obtained specific approval from the Secured Creditors, being Yorkshire Bank, Close and the Pension Fund to the following resolution

- That the Joint Administrators be authorised to pay pre-Administration costs out of the assets of the Company. These costs include Joint Administrators', lawyers' and agents' fees

Accordingly, these pre-Administration costs have been paid

3.8 Assets

3.8.1 Sale of Cold Storage Business

As per the SPA, the Joint Administrators have received the following amounts in relation to the above assets

	Amount (£)
the North Shield/Glasgow Properties, the sum of	785,000
the Fixtures and Fittings at the Properties, the sum of	215,000
the Equipment, the sum of	99,993
the Stock, Goodwill, Intellectual Property, Transferred Records, IT System, Customer Contracts, Customer Lists, the sum of	7
TOTAL	1,100,000

At the time the transaction was concluded it was understood that the sale was to be treated as a Transfer of a Going Concern ("TOGC") for VAT purposes, which would deem it to be outside the scope of VAT. It has since come to light that the conditions for a TOGC were not fully met in respect of the Scottish Property and Fixtures and Fittings at that property. Accordingly the purchaser has been invoiced for the VAT element on the purchase price and has paid over the VAT due to the Joint Administrators, which has in turn been paid over to HMRC.

3.8.2 Cash on Hand

As at the date of the Joint Administrators' appointment, the Company held petty cash of £7

3.8.3 Plant & machinery

£115,000 has been received in the period in relation to the proceeds from the sale of certain chattel assets over which the Pension Fund has security. These monies have been paid over to the Pension Fund.



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3 8 4 Third party funds

During the period, £3,646 has been received in respect of funds due to a third party, these funds have subsequently been repaid

3 8 5 Sundry refunds

Funds totalling £6,771 have been received in the period in relation to sundry refunds

3 8 6 Funds advanced by Close

As per section 3.6.1.2 below, Close has advanced £105,195 to meet the cost of undertakings given by the Joint Administrators' in order to protect the debtor ledger. Undertakings include

- Ransom payments to landlords, where goods were being held subject to liens, of £35,288,
- Delivery costs of £47,044 in order for an alternative haulier, Langdons to carry out customer deliveries scheduled for the date of the Joint Administrators' appointment, and
- IT costs of £5,701 in order to continue using the Company's systems to support the collection of book debts

3 8 7 Book debt surplus

£50,000 has been received in the period in relation to surplus book debts realised by RRG and remitted to the Joint Administrators by Close. See section 3.8.1.2 for further details

3 8 8 Commercial and motor vehicles

£12,500 and £11,000 has been received in the period from the sale of the Company's unencumbered commercial and motor vehicles respectively

3 8 9 Bank interest

During the period, bank interest of £283 has been received



3.9 Liabilities

3.9.1 Secured creditors

3.9.1.1 Yorkshire Bank

Yorkshire Bank has the benefit of a debenture dated 6 December 1991 providing fixed and floating charges over the Company's assets, a legal charge dated 19 October 1992, a standard security dated 15 January 2009 and a chattel mortgage dated 5 July 2011. The latter two charges were provided by Clydesdale Bank (trading as Yorkshire Bank).

Based upon current information it is unlikely that Yorkshire Bank will recover its lending in full. A fixed charge distribution of £950,000 has been made to Yorkshire Bank during the period.

The Joint Administrators' solicitors, Clarion, have reviewed the securities held by Yorkshire Bank and have confirmed their validity.

3.9.1.2 Close

Close has the benefit of a debenture dated 14 December 2011, providing fixed and floating charges over the Company's assets.

Close provided the Company with invoice discounting facilities and has an assignment over the debtor ledger, under the terms of a Debt Purchase Agreement dated 14 December 2011. A Deed of Priority is in place that gives Close priority over book debts not vested to Close under its invoice finance facility. Yorkshire Bank has priority over all other assets and the realisations thereof.

The value of the Company's debtor ledger on appointment was approximately £2,432,000. As detailed in section 3.3 above, KPMG RRG team are collecting the book debts under a separate agreement with Close. Collections to date total £2,084,012. Further recoveries are subject to the result of ongoing litigation and are prudently being deemed as irrecoverable. As such, no further realisations are expected in relation to the debtor ledger.

The amount outstanding to Close at the date of our appointment was approximately £1,965,000 (excluding termination charges). The total balance due to Close currently stands at £174,883. This amount includes commission costs and funds advanced to the Administration in order to meet unavoidable undertakings provided by the Joint Administrators.

Although Close have recovered their core exposure, it is unlikely that they will recover their lending in full once termination charges and the above costs are applied.

The Joint Administrators' solicitors, Clarion, have reviewed the security held by the Close and have confirmed its validity.



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3.9.1.3 David Price Pension Fund

The Pension Fund has the benefit of a mortgage dated 23 August 2012, providing a fixed charge over specific Company chattel assets

The Pension Fund's exposure on appointment was £144,000. Three of the Trustees of the Pension Fund are also Directors of the Company. The Trustees exercised their step in rights and undertook to market the assets themselves.

These assets have now been sold for a total consideration of £115,000, resulting in a shortfall of £29,000 to the Pension Fund.

The Joint Administrators' solicitors, Clarion, have reviewed the security held by the Pension Fund and have confirmed its validity.

3.9.2 Preferential creditors

Preferential claims relate to the preferential part of the redundant employees' wages and holiday pay that were outstanding at the time of appointment.

As part of the sale agreement, 29 employees of the Company were transferred to the Purchaser under the TUPE regulations. Immediately on the appointment of the Joint Administrators, 110 employees were made redundant due to the cessation of the haulage business.

In the immediate period prior to the Joint Administrators' appointment, the Directors secured funding from Close in order to settle a portion of the September wage arrears. As such, approximately 60% of the September wage arrears were able to be mitigated thereby reducing the level of potential preferential claims.

The Redundancy Payments Service ("RPO") have advised the Joint Administrators that they are unable to pay any arrears of wages (including unpaid overtime and allowances) or accrued, untaken holiday entitlement. Under the Employment Rights Act, the relevant date for wage and holiday pay arrears is determined to be the date the Company entered CVA being 5 September 2012. The RPO have therefore stated that they are unable to pay out any wage or holiday pay claims incurred after the date of insolvency.

As a result, all claims for unpaid wages and accrued, untaken holiday pay rank as preferential claims against the Company. However, based on current information the Joint Administrators do not expect that there will be sufficient funds to make a distribution to preferential creditors.

3.9.3 Prescribed Part

The Insolvency Act 1986 (Prescribed Part) Order 2003 does not apply in this case as the security held by Yorkshire Bank was created before 15 September 2003. In any event, based upon current estimates there is not expected to be any floating charge realisations, after costs of the Administration are deducted.



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3.9.4 Unsecured creditors

Based upon current information the Joint Administrators do not expect that there will be sufficient funds available to make a distribution to the Company's unsecured creditors, due to the shortfall to the secured lenders and the level of preferential claims

3.9.5 Shareholders

100% of the called issued share capital is owned by David Price (Holdings) Limited

There will be insufficient funds to see a distribution to the shareholders of the Company

3.10 Expenses for the period

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2)



4 Comments on the Appendices

4.1 Appendix 1: Statutory information

A summary of key statutory information for the Company, including previous names and addresses, is included in Appendix 1

4.2 Appendix 2: Receipts & payments account for the period

4.2.1 Receipts

4.2.1.1 Assets

Please see Section 3.5 for comments on the receipts during the period

4.2.2 Payments

4.2.2.1 Distribution to Yorkshire Bank

£950,000 has been distributed to Yorkshire Bank in respect of realisation of assets caught under the Bank's fixed charge

4.2.2.2 Distribution to Pension Fund

£115,000 has been distributed to the Pension Fund in respect of realisation of assets pledged to the Pension Funds under the terms of their security

4.2.2.3 Undertakings

£88,033 has been paid to date in relation to undertakings given by the Joint Administrators

4.2.2.4 Redirection of mail

£195 has been paid in the period in relation to redirection of mail

4.2.2.5 Wages and salaries

During the period, members of staff retained by the Joint Administrators have been paid £12,994

4.2.2.6 Bank charges

Bank charges of £125 have been paid in the period

4.2.2.7 Payroll bureau costs

£100 has been paid during the period in relation to costs incurred in processing the payroll

4.2.2.8 Legal fees and disbursements

Legal fees and disbursements of £14,580 and £367, respectively, have been paid during the period in relation to advice given in relation to the Administration. This includes



advice in relation to the SPA and reviewing the validity of any securities held by creditors

4.2.2.9 **Agents' fees**

During the period, agents' fees of £8,940 have been paid. This amount includes services provided by SW in relation to the valuation and marketing of Company property and unencumbered assets and overseeing the repatriation process of Company assets subject to finance agreements.

4.2.2.10 **Statement of affairs work**

£1,500 has been paid to Seneca Investments Limited in relation to time costs incurred assisting the Directors prepare the Statement of Affairs.

4.2.2.11 **Repayment of third party funds**

The Joint Administrators have returned £3,646 to third parties during the period.

4.2.2.12 **Book debt commission**

Commission of £1,250 has been paid to the former financial controller of the Company for services provided to the Joint Administrators and RRG in assisting with the debt collection process.

4.2.2.13 **Storage costs**

£286 of storage costs have been paid during the period. This is in relation to the collection, organisation and ongoing storage of Company books and records.

4.2.2.14 **Statutory advertising**

In order to comply with our statutory duties, the Joint Administrators have paid £85 in relation to statutory advertising.

4.2.2.15 **Insurance**

Insurance costs of £7,094 have been paid during the period. The majority of this cost is in relation to motor fleet insurance.

4.3 **Appendix 3 and Appendix 4: Analysis of office holders' time costs and disbursements**

See section 5.

4.4 **Appendix 5: Expenses for the period**

4.4.1 **Administrators' fees**

The Joint Administrators have not drawn any fees in the period of this report, although as detailed in section 5 approval to draw fees on a time cost basis has been obtained from the Secured Creditors.



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Time costs of £273,894 have been incurred in the period but have not been paid. This is in relation to time spent by members of the Joint Administrators' and their staff in dealing with the affairs of the Company. A breakdown is included in Appendix 4.

Please note this does not include any time charged by the KPMG RRG team which is subject to a separate agreement.

4.4.2 Administrators' expenses

Expenses of £3,778 have been incurred in the period but have not been paid. A breakdown of Administrators' expenses is included within Appendix 4. These expenses do not include those incurred by the KPMG RRG team.

4.4.3 Legal fees and disbursements

Our solicitors Clarion have advised that they have outstanding time costs for the period of £30,067. The Joint Administrators do not anticipate paying these costs in full. In addition, there are outstanding legal costs associated with the debt collection process of £2,045 that have been incurred in the period but not yet paid.

4.4.4 Storage costs

Outstanding storage costs incurred but not yet paid are £39.

5 Joint Administrators' time costs, approval of remuneration and analysis of office holders' time costs

5.1 Joint Administrators' time costs

The office holders' time costs for the period of this report are attached as Appendix 3.

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. A creditors' guide to fees can be found at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov20111.pdf

However, if you are unable to access this guide and would like a copy, please contact James Stronach on 0113 254 2902.

Since our appointment to 29 March 2014, we have incurred time costs of £273,894, representing 947 hours at an average rate of £289 per hour. This includes the Employee, Tax, VAT, Health and Safety and Pensions advice from KPMG LLP in-house specialists.

Please note that this excludes any time charged by the KPMG RRG which is subject to a separate engagement as detailed in section 3.3 above.



A detailed breakdown of the charge out rates for the duration of the Administration is included at Appendix 3 to this Report

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates

Please note that the Joint Administrators have not drawn any remuneration during the period covered by this report. The Joint Administrators have also incurred disbursements of £3,778 in the period although to date no disbursements have been drawn (see Appendix 4 for further details)

5.2 Approval of Joint Administrators' remuneration

In accordance with Rule 2.106 (5A)(a) of IR86 the Joint Administrators sought approval from the Secured Creditors, being Yorkshire Bank, Close and the Pension Fund that

- the Joint Administrators be authorised to draw fees on account from the assets of the Company from time to time during the period of the Administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment
- that the costs of KPMG LLP in respect of Health and Safety, Employees, Pensions, Tax, and VAT advice provided to the Joint Administrators' to be based upon time costs and shall be paid out of the assets of the Company
- that the Joint Administrators be authorised to pay pre-administration costs out of the assets of the Company. These costs include Joint Administrators', lawyers' and agents' fees
- that the Joint Administrators be authorised to pay the costs of KPMG Receivables Realisation Group ("RRG") out of the assets of the Company
- that the Joint Administrators be authorised to charge category 2 disbursements in accordance with the firm's policy
- that the Joint Administrators be released from liability in relation to their acts and dealings relating to the Administration

The Secured Creditors have provided specific approval to these resolutions

Should the circumstances of the Administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis of remuneration, the drawing of Category 2 disbursements and the settlement of KPMG RRG fees



Additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2.48A IR86 and to challenge the Joint Administrator's remuneration and expenses under Rule 2.109 IR6 are included in Appendix 6 should creditors wish to do so.

5.3 Analysis of office holder's time costs

5.3.1 Statutory and compliance

5.3.1.1 Appointment and related formalities

Following the appointment of the Joint Administrators, time costs of £30,461 (98 hours) have been incurred in relation to notifying all parties other than creditors of the appointment, instructing agents and solicitors and dealing with all other appointment related formalities.

5.3.2 Creditors and claims

5.3.2.1 General correspondence

Due to the nature of the Company's business and the large number of creditors, we have received a large number of queries from the creditors of the Company.

Time costs of £23,896 (87 hours) have been spent in the period in relation to general correspondence with creditors.

5.3.2.2 Statutory reports

Time costs of £13,990 (52 hours) have been spent in the period in relation to the drafting of statutory reports to creditors.

5.3.3 Tax

5.3.3.1 Post appointment VAT

As discussed in section 3.8.1, there was a TOGC issue with the sale of the Cold Storage Business. The KPMG VAT team was instructed to look into this issue in order to establish the correct treatment of the sale for VAT purposes, and to liaise with HMRC on the matter.

Time costs of £16,714 (62 hours) have been spent in the period by the KPMG VAT team in establishing and correcting the VAT treatment in this respect.

5.3.4 Employees

5.3.4.1 Correspondence

Following the redundancies made upon the appointment of the Joint Administrators and subsequent stance adopted by the RPO as detailed in section 3.8.2 above, £47,923 (147 hours) has been spent corresponding with the Company's former employees.



5.3.5 Asset realisation

5.3.5.1 Debtors

As the debtor ledger was the main assets of the Company, a significant amount of time has been spent from appointment dealing with specific customer related matters in order to protect the value of the ledger

Time costs of £25,500 (88 hours) have been spent in the period in relation to debtors. These time costs were incurred at the start of the case in engaging a new haulier, Langdons to ensure that customer deliveries scheduled for the date of the Joint Administrators' appointment were fulfilled.

5.3.5.2 Vehicles

During the period, time costs of £30,117 (127 hours) have been spent liaising with finance lease creditors, overseeing the sale of the Pension Fund assets and dealing with numerous vehicle related queries from the DVLA and various insurance companies.

6 Outstanding matters

The Joint Administrators are still dealing with the following matters and therefore are not currently in a position to end the Administration.

The following matters remain outstanding:

- dealing with issues arising in the Administration,
- finalising debtor collections,
- making the final distribution to Yorkshire Bank,
- drawing Administrators' Fees,
- obtaining Tax and VAT clearance for the Administration, and,
- completion of all remaining statutory duties in the Administration prior to exit by an appropriate route.



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Appendix 1 - Statutory information

Date of Incorporation	7 May 1913
Company number	00128852
Previous registered office	Kittiwake Close Silverlink Business Park Wallsend Tyne & Wear NE28 9ND
Present registered office	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Trading addresses	Kittiwake Close Silverlink Business Park Wallsend Tyne & Wear NE28 9ND
Called up share capital	1,000 Ordinary £1 shares 100,000 Preference £1 shares
Members	David Price (Holdings) Limited
Directors	David Geoffrey Price David John Lyon Paul Andrew Martin Susan Elsie Price Robert Alan Smith
Company Secretary	David Geoffrey Price
Employees	144
Previous name(s)	Tyne and Wear Cold Storage Limited P&O Warehouse Services Limited



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**Appendix 2 – Receipts and Payments period account for
the period 30 September 2013 to 29 March 2014**



David Price Food Services Limited in administration
for period from 30 September 2013 to 29 March 2014 pursuant to Rule 2 47 of the
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David Price Food Services Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 30/09/2013 To 29/03/2014	From 30/09/2013 To 29/03/2014	
	FIXED CHARGE ASSETS		
435,000 00	Freehold property - Glasgow	435,000 00	435,000 00
350,000 00	Leasehold property - North Shields	350,000 00	350,000 00
	Plant & machinery	115,000 00	115,000 00
	Bank interest, gross	103 79	103 79
215,000 00	Fixtures and fittings at property	215,000 00	215,000 00
	Third party funds	2,902 31	2,902 31
		<u>1,118,006 10</u>	<u>1,118,006 10</u>
	FIXED CHARGE COSTS		
	Legal fees	5,500 00	5,500 00
	Legal disbursements	216 00	216 00
	Agents'/Valuers' fees	2,600 00	2,600 00
	Bank charges	75 00	75 00
	Repayment of third party funds	2,902 31	2,902 31
		<u>(11,293 31)</u>	<u>(11,293 31)</u>
	FIXED CHARGE CREDITORS		
(1,361,041 00)	Secured creditor- Yorkshire Bank	950,000 00	950,000 00
	Secured creditor - pension fund	115,000 00	115,000 00
		<u>(1,065,000 00)</u>	<u>(1,065,000 00)</u>
	HP/LEASING		
207,500 00	Yorkshire Bank commercial vehicles	NIL	NIL
(161,640 00)	Amounts due to Yorkshire Bank	NIL	NIL
69,000 00	Close Asset Finance commercial vehicles	NIL	NIL
(98,031 00)	Amounts due to Close Asset Finance	NIL	NIL
69,000 00	Aldermore Asset Finance vehicles	NIL	NIL
(105,282 00)	Amounts due to Aldermore Asset Finance	NIL	NIL
1,813,726 00	Book debts	NIL	NIL
(1,976,331 00)	Amounts due to Close Invoice Finance	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	ASSET REALISATIONS		
6,000 00	Commercial vehicles	12,500 00	12,500 00
11,500 00	Motor vehicles	11,000 00	11,000 00
	Stock	1 00	1 00
	Book debts surplus	50,000 00	50,000 00
	Goodwill	1 00	1 00
	Funds advanced by Close	105,195 26	105,195 26
	Third party funds	743 34	743 34
		<u>179,440 60</u>	<u>179,440 60</u>
	OTHER REALISATIONS		
	Bank interest, gross	179 91	179 91
NIL	Prepayments	NIL	NIL
	Sundry refunds	6,771 33	6,771 33
NIL	Intercompany debtors	NIL	NIL
88 00	Cash on hand	7 41	7 41
99,993 00	Equipment	99,993 00	99,993 00
	Intellectual property	1 00	1 00
	Transferred records	1 00	1 00
	IT System	1 00	1 00



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**David Price Food Services Limited
(In Administration)
Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 30/09/2013 To 29/03/2014	From 30/09/2013 To 29/03/2014
Customer contracts	1 00	1 00
Customer lists	1 00	1 00
	<u>106,956 65</u>	<u>106,956 65</u>
COST OF REALISATIONS		
Repayment of third party funds	743 34	743 34
Undertakings	88,033 35	88,033 35
Statement of affairs work	1,500 00	1,500 00
Agents'/Valuers' fees	6,339 35	6,339 35
Legal fees	9,080 00	9,080 00
Legal disbursements	151 56	151 56
Book debt commission	1,250 00	1,250 00
Storage costs	285 69	285 69
Re-direction of mail	195 00	195 00
Statutory advertising	84 60	84 60
Insurance of assets	7,094 16	7,094 16
Wages & salaries	12,944 13	12,944 13
Bank charges	50 00	50 00
Payroll bureau costs	100 00	100 00
	<u>(127,851 18)</u>	<u>(127,851 18)</u>
PREFERENTIAL CREDITORS		
(115,000 00) Employees' wage arrears	NIL	NIL
(40,487 00) Employees' holiday pay	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS		
(943,997 70) Trade & expense	NIL	NIL
(442,875 00) Employees	NIL	NIL
(2,029,538 21) CVA	NIL	NIL
(414,663 18) Corp tax etc/nonpref PAYE	NIL	NIL
(408,238 03) Non-preferential VAT	NIL	NIL
(200,000 00) Accruals	NIL	NIL
(3,750 00) Landlord	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
(100,000 00) Preference shareholders	NIL	NIL
(1,000 00) Ordinary shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(5,125,067 12)</u>	<u>200,258 86</u>	<u>200,258 86</u>
REPRESENTED BY		
Floating ch VAT rec'able		21,152 61
Fixed charge current		41,687 79
Floating charge current		158,565 07
Fixed charge VAT rec'able		1,620 00
Fixed charge VAT payable		(137,000 00)
Floating ch VAT payable		(3,000 00)
Floating ch VAT control		(18,146 61)
Fixed charge VAT control		135,380 00
		<u>200,258 86</u>



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Appendix 3 - Analysis of office holders' time costs for the period 30 September 2013 to 29 March 2014

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Bankrupt/Director/Member							
Notification of appointment			16 25		16 25	£3,123 75	£192 23
Cashiering							
General (Cashiering)	4 30	0 60	17 90		22 80	£6,985 50	£306 38
Reconciliations (& IPS accounting reviews)		2 30	4 60		6 90	£1,929 50	£279 64
General							
Books and records		2 00	9 95		11 95	£2,800 25	£234 33
Fees and WIP	0 50	3 20	2 00	2 00	7 70	£2,104 50	£273 31
Statutory and compliance							
Appointment and related formalities	8 60	44 20	44 40	0 50	97 70	£30,460 50	£311 78
Bonding and bordereau			0 50		0 50	£97 50	£195 00
Checklist & reviews		9 60	16 25		25 85	£7,179 75	£277 75
Closure and related formalities	0 50	2 00			2 50	£1,012 50	£405 00
Pre-appointment checks			0 10		0 10	£19 50	£195 00
Reports to debenture holders	1 60	2 30	5 75		9 65	£2,782 75	£288 37
Statutory advertising			0 75		0 75	£146 25	£195 00
Strategy documents	1 10	16 50			17 60	£7,552 50	£429 12
Tax							
Initial reviews - CT and VAT	2 00	8 40	3 50		13 90	£5,282 50	£380 04
Post appointment corporation tax	1 50	11 30	2 25		15 05	£5,890 25	£391 38
Post appointment PAYE		2 80			2 80	£1,078 00	£385 00
Post appointment VAT	1 00	22 40	39 00		62 40	£16,714 00	£267 85
					314 40	95,159 50	5,007 18
Creditors							
Creditors and claims							
Agreement of unsecured claims			1 00		1 00	£195 00	£195 00
General correspondence		31 80	54 85		86 65	£23,895 75	£275 77
Legal claims			1 50		1 50	£292 50	£195 00
Notification of appointment		2 00	2 50		4 50	£1,237 50	£275 00
Pre-appointment VAT / PAYE / CT							
Secured creditors		0 60	1 50		2 10	£523 50	£249 29
Statutory reports	4 90	12 00	35 25		52 15	£13,990 25	£268 27
Employees							
Correspondence	1 00	74 50	71 10		146 60	£47,923 00	£326 90
DTI redundancy payments service		2 70	0 70		3 40	£1,225 00	£360 29
Pension funds		1 70			1 70	£654 50	£385 00
Pensions reviews		3 50	6 10		9 60	£2,614 00	£272 29
					312 00	93,154 00	3,018 17
Investigation							
Directors							
Correspondence with directors	1 20	5 80	6 40		13 40	£4,063 00	£303 21
D form drafting and submission	0 50	1 30	19 60		21 40	£4,565 00	£213 32
Directors' questionnaire / checklist			0 70		0 70	£269 50	£385 00
Statement of affairs		9 60	6 50		16 10	£5,197 50	£322 83
Investigations							
Correspondence re investigations	0 50				0 50	£242 50	£485 00
Mail redirection		0 30	2 25		2 55	£633 75	£248 53
Review of pre-appt transactions		0 20			0 20	£77 00	£385 00
					54 85	15,048 25	2,342 89
Realisation of assets							
Asset Realisation							
Cash and investments			3 00		3 00	£695 00	£231 67
Debtors	7 20	22 90	57 50		87 60	£25,499 50	£291 09
Freehold property		1 20	1 75		2 95	£803 25	£272 29
Leasehold property	1 50	2 00	9 00		12 50	£3 417 50	£273 40



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Open cover insurance	1 20	17 80	19 00	£4,255 00	£223 95	
Pre-appointment tax & VAT refunds			0 90	£427 50	£475 00	
Rent			4 90	£2,280 00	£465 31	
Sale of business	1 50		1 50	£727 50	£485 00	
Stock and WIP		6 00	6 00	£2,310 00	£385 00	
Vehicles	1 10	9 20	117 10	127 40	£30,117 00	£236 40
				<u>265 75</u>	<u>70 532 25</u>	<u>3,339 11</u>
Total in period				<u>947 00</u>	<u>273,894 00</u>	<u>13,707 35</u>
Pre appointment time (if any, irrecoverable)			0 00		£0 00	
Brought forward time (appointment date to SIP9 period start date)			0 00		£0 00	
SIP9 period time (SIP9 period start date to SIP9 period end date)			947 00		£273,894 00	
Carry forward time (appointment date to SIP9 period end date)			947 00		£273,894 00	



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Joint Administrators' charge out rates

	Hourly rate from 1 October 2012 onwards (£)	Hourly rate from 1 October 2013 onwards (£)
Partner	565	565
Director	485	485
Senior Manager	450	475
Manager	365	385
Senior Administrator	250	265
Administrator	185	195
Support	115	120

	KPMG LLP Corporation Tax Team	KPMG LLP Pensions Team	KPMG LLP CCS Team
Grade	From 1 July 2012 £/hr	From 1 July 2012 £/hr	From 1 July 2012 £/hr
Partner	725	725	700
Associate Partner	635	635	640
Director	635	635	640
Senior Manager	525	525	550
Manager	420	420	450
Senior Administrator	305	305	310
Administrator	230	230	225
Support	120	120	180



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Appendix 4 – Joint Administrators’ disbursements

Category 1	£
Overnight stay	982 75
Sundry expenses	342 76
Printing costs	27 95
Meals	239 68
IT costs	74 98
Travel expenses	187 40
Total	1,855.52

Category 2	£
Mileage	1,922 95
Total	1,922.95

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner’s car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate.



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Appendix 5 - Schedule of expenses for the period 30 September 2013 to 29 March 2014

Section	Account	Accrued £	Paid £	Total £
Cost of realisations	Legal fees	32,112 70	14,580 00	46,692 70
	Legal disbursements	-	367 56	367 56
	Agents'/Valuers' fees	-	8,939 35	8,939 35
	Bank charges	-	125 00	125 00
	Repayment of third party funds	-	3,645 65	3,645 65
	Undertakings	-	88,033 35	88,033 35
	Statement of affairs work	-	1,500 00	1,500 00
	Book debt commission	-	1,250 00	1,250 00
	Storage costs	38 86	285 69	324 55
	Re-direction of mail	-	195 00	195 00
	Statutory advertising	-	84 60	84 60
	Insurance of assets	-	7,094 16	7,094 16
	Wages & salaries	-	12,944 13	12,944 13
	Payroll bureau costs	-	100 00	100.00
	Administrators' fees	273,894 00	-	273,894 00
	Administrators' expenses	3,778 47	-	3,778 47
	TOTAL		309,824.03	139,144.49

RRG - Cost				
of realisations	Debt collection fees*	82,663 03	125,454 47	208,117 50
TOTAL		82,663.03	125,454.47	208,117.50

*This is subject to a specific agreement between RRG and Close

Creditors are reminded that the basis on which fees have been reported has been agreed by the secured creditor and the preferential creditors

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2.48A IR86. This request must be made within 21 days receipt of the progress report. The full text of this rule is included in Appendix 6

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with Rule 2.109 IR86. The full text of this rule is included in Appendix 6



Appendix 6 - Extract from the Insolvency Rules 1986

Insolvency Rules 1986

2.48A Creditors' request for further information

- (1) If— (a) within 21 days of receipt of a progress report under Rule 2 47—
(i) a secured creditor, or
(ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
(b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either—
(a) providing all of the information asked for, or
(b) so far as the administrator considers that—
(i) the time or cost of preparation of the information would be excessive, or
(ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
(iii) the administrator is subject to an obligation of confidentiality in respect of the information,
giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—
(a) the giving by the administrator of reasons for not providing all of the information asked for, or
(b) the expiry of the 14 days provided for in paragraph (1),
and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

2.109 Creditors' claim that remuneration is or other expenses are excessive

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) An application may be made on the grounds that—
(a) the remuneration charged by the administrator,
(b) the basis fixed for the administrator's remuneration under Rule 2 106,
(c) expenses incurred by the administrator,
is or are in all the circumstances, excessive, or in the case of an application under subparagraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice



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stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration