

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A08 *A6HILDKO* 21/10/2017 #432
COMPANIES HOUSE

1 Company details

Company number 0 4 0 6 2 8 5 0
Company name in full Key Food Ingredients Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Paul Nicholas
Surname Dumbell

3 Administrator's address

Building name/number 1 St Peter's Square
Street Manchester
Post town M2 3AE
County/Region
Postcode
Country

4 Administrator's name ①

Full forename(s) Paul Andrew
Surname Flint

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 St Peter's Square
Street Manchester
Post town M2 3AE
County/Region
Postcode
Country

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	^d 2	^d 2	^m 0	^m 3	^y 2	^y 0	^y 1	^y 6
To date	^d 2	^d 1	^m 0	^m 9	^y 2	^y 0	^y 1	^y 7

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 1	^d 7	^m 1	^m 0	^y 2	^y 0	^y 1	^y 7
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AM10

Notice of administrator's progress report



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	Matthew Herbert
Company name	KPMG LLP
Address	1 St Peter's Square Manchester
Post town	M2 3AE
County/Region	
Postcode	
Country	
DX	
Telephone	Tel +44 (0) 161 246 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



Joint
Administrators'
progress
report for the
period 22
March 2017 to
21 September
2017



Key Food Ingredients Limited
- in Administration

18 October 2017

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website:

<http://www.insolvency-kpmg.co.uk/case+KPMG+KG826F1137.html>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 7).

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1 Executive summary

- This progress report covers the administration of Key Food Ingredients Limited (the 'Company') and includes movements in the period from 22 March 2017 to 21 September 2017 (the 'Period').
- Asset realisations have now been completed. During the Period, we have completed collecting outstanding administration trading book debts and settled costs relating to our period of trading in administration (Section 2 - Progress to date).
- The Company has two Secured creditors, HSBC Bank PLC (the 'Bank') and HSBC Invoice Finance (UK) Ltd ('HIF'), which were owed £2.4 million and £0.9 million respectively on appointment. It is expected that both the Bank and HIF will suffer a shortfall in the recovery of their lending (Section 3 - Dividend prospects and dividends paid).
- A distribution was made to the preferential creditors in the Period, totalling £21,185. The preferential creditors have been repaid in full (Section 3 - Dividend prospects and dividends paid).
- A small distribution of funds will be made to unsecured creditors via the prescribed part fund. During the Period, we have commenced in reviewing and admitting the claims of unsecured creditors and this process is now almost complete. We expect to issue a Notice of Intended Dividend in the coming weeks (Section 3 - Dividend prospects and dividends paid).
- During the Period, the Secured and preferential creditors granted a six-month extension to the period of the administration. The administration is now due to automatically end on 21 March 2018.
- Please note: you should read this progress report in conjunction with our previous progress report[s] and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+KG826F1137.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Paul Dumbell
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Strategy

Asset realisations have been completed. During the Period, we have completed the collection of outstanding administration trading book debts. A reconciliation of the administration trading schedule indicates that sales during our period of trading total £219,645, against which £218,006 has been collected. The difference relates to balances that are not collectible.

During the Period, we have reviewed and admitted the claims of preferential creditors, totalling £21,185. A dividend of 100 pence in the £ was declared on 4 September 2017, repaying preferential creditors in full.

A small distribution of funds will be made to the unsecured creditors. During the Period, we have commenced in reviewing and admitting the claims of unsecured creditors and this process is now almost complete. We expect to issue a Notice of Intended Dividend in the coming weeks.

The administration was due to expire on 21 September 2017. However, in order to provide sufficient time to deal with a number of outstanding matters, we have obtained approval from the Secured and preferential creditors for a six-month extension to the administration. The administration is now due to automatically end on 21 March 2018. We expect that all remaining matters will be completed by that date.

2.2 Asset realisations

Realisations during the Period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the Period are provided below.

Sales

Administration trading debts totalling £1,957 have been collected in the Period.

Bank interest

Bank interest of £687 has been accumulated in the Period.

2.3 Costs

Payments made in this Period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the Period are provided below.

Legal fees and disbursements

Legal fees of £9,130 and disbursements of £23 have been paid for legal assistance in the Period.

Funds received from Third Party

Funds of £5,021 have been repaid to a third party in the Period after an overpayment was made to the Company.

Bank charges

Bank charges of £40 have been paid in the Period.

Business rates

Business rates totalling £17,075 relating to the period of our trading the business in administration have been settled during the Period.

2.4 Schedule of expenses

We have detailed the costs incurred during the Period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects and dividends paid

3.1 Secured creditors

HSBC Bank PLC

The Bank holds security by way of a debenture comprising fixed and floating charges over the Company and its assets, which were registered on 20 November 2014. At the date of appointment, £2.4 million was owed to the Bank.

The Company also has foreign indebtedness to the Bank of approximately £300,000 relating to loss making forward contracts for the sales of Euros, which had not been closed out at the date of our appointment.

£2.2 million has been distributed to the Bank to date. We anticipate further distributions will be made in due course, although it is expected the Bank will suffer a shortfall in the recovery of its lending.

HSBC Invoice Finance (UK) Ltd

HIF holds fixed charge security over the Company's book debts and fixed and floating charge security over the other assets of the Company, which was registered on 3 December 2014. At the date of appointment, approximately £919,000 was owed to HIF.

HIF is collecting book debts directly, with our assistance where required. HIF's outstanding debts exceed the value of the collectible ledger and is expected to suffer a shortfall in the recovery of its lending.

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

During the Period, we have reviewed and admitted the claims of preferential creditors, totalling £21,185. A dividend of 100 pence in the £ was declared on 4 September 2017, repaying preferential creditors in full.

3.3 Unsecured creditors

A small distribution of funds will be made to unsecured creditors via the prescribed part fund. During the Period, we have commenced in reviewing and admitting the claims of unsecured creditors and this process is now almost complete. We expect to issue a Notice of Intended Dividend in the coming weeks

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

We have now obtained the approval of both the Secured and preferential creditors to the basis of our remuneration, specifically that:

- the remuneration of the Joint Administrators be fixed by reference to time properly given by them and their staff in attending to matters arising in the administration, in accordance with the fee estimate and charge-out rates, at their normal hourly rate of charging.

It has also been agreed that our fees will not exceed £400,000.

Time costs

From 22 March 2017 to 21 September 2017, we have incurred time costs of £87,001. These represent 275 hours at an average rate of £316 per hour. This brings time costs incurred since the date of our appointment to £507,671.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 5) and in our previous progress report.

Remuneration

During the Period, we have not drawn any remuneration.

Disbursements

During the Period, we have incurred and paid disbursements of £144.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 22 March 2017 to 21 September 2017. We have also attached our charging and disbursements policy.

4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals. These pre-administration costs will not be paid.

Pre-administration costs					
	Disclosed unpaid costs (£)	Approved (£)	Paid in the previous period (£)	Paid in the period (£)	Outstanding (£)
Legal fees	2,725.75	0.00	0.00	0.00	2,725.75
Legal disbursements	50.00	0.00	0.00	0.00	50.00
Total	2,775.75	0.00	0.00	0.00	2,775.75

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- settle outstanding costs;
- distribute funds to the Secured and unsecured creditors as appropriate; and
- finalise all other matters in the administration.

5.2 Extension of the administration

During the Period, the Secured and preferential creditors granted a 6-month extension to the period of the administration. The administration is currently due to end on 21 March 2018.

5.3 Discharge from liability

We have obtained the approval of both the Secured and preferential creditors to our discharge from liability in respect of any actions as Joint Administrators, upon filing our final progress report with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

5.4 Future reporting

We will provide a further progress report within one month of 21 March 2018 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company name	Key Food Ingredients Limited
Date of incorporation	31 August 2000
Company registration number	04062850
Trading address	Dennis Road, Widnes, WA8 0YQ
Previous registered office	Dennis Road, Widnes, WA8 0YQ
Present registered office	1 St Peter's Square, Manchester, M2 3AE
Company Directors	Philip John Nash (45% shareholder) John Stuart McNaughton

Administration information

Administration appointment	The administration appointment granted in High Court Manchester District Registry, 2844 of 2016
Appointor	Directors
Date of appointment	22 September 2016
Joint Administrators' details	Paul Dumbell, Paul Flint and David Costley-Wood
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3)
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £83,000. Estimated Prescribed Part is £19,600.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Application of EC Regulations	EC Regulations apply and there proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.
Current administration expiry date	21 March 2018

Appendix 2 Joint Administrators' receipts and payments account

Key Food Ingredients Limited - in Administration		
Trading accounts		
Statement of Affairs (£)	From 22/03/2017 To 21/09/2017 (£)	From 22/09/2016 To 21/09/2017 (£)
POST-APPOINTMENT SALES		
Sales	1,956.80	218,006.23
	<u>1,956.80</u>	<u>218,006.23</u>
PURCHASES		
Purchases	NIL	(50,366.30)
	<u>NIL</u>	<u>(50,366.30)</u>
OTHER DIRECT COSTS		
Direct labour	NIL	(44,416.86)
	<u>NIL</u>	<u>(44,416.86)</u>
TRADING EXPENSES		
Sub contractors	NIL	(459.35)
Rates	(17,075.01)	(17,075.01)
Heat & light	NIL	(13,761.46)
Travel	NIL	(655.94)
Carriage	NIL	(1,262.15)
Waste removal	NIL	(736.56)
Stationery, postage & misc	NIL	(70.93)
	<u>(17,075.01)</u>	<u>(34,021.40)</u>
Trading surplus/(deficit)	(15,118.21)	89,201.67

Key Food Ingredients Limited - in Administration		
Abstract of receipts & payments		
Statement of affairs (£)	From 22/03/2017 To 21/09/2017 (£)	From 22/09/2016 To 21/09/2017 (£)
FIXED CHARGE ASSETS		
2,200,000.00 Freehold property	NIL	2,500,000.00
625,000.00 Book debts	NIL	NIL
Bank interest, gross	488.14	633.31
	<u>488.14</u>	<u>2,500,633.31</u>
FIXED CHARGE COSTS		
Legal fees	(6,116.10)	(16,198.10)
Legal disbursements	NIL	(50.00)
Agents'/Valuers' fees	NIL	(5,000.00)
Bank charges	NIL	(20.00)

Key Food Ingredients Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 22/03/2017 To 21/09/2017 (£)	From 22/09/2016 To 21/09/2017 (£)
	Security	NIL	(312.00)
	Storage costs	NIL	(542.37)
	Insurance	NIL	(5,576.62)
		(6,116.10)	(27,699.09)
	FIXED CHARGE CREDITORS		
(1,400,000.00)	HSBC Bank Plc	NIL	(2,200,000.00)
(625,000.00)	HSBC Invoice Finance (UK) Ltd	NIL	NIL
		NIL	(2,200,000.00)
	ASSET REALISATIONS		
710,000.00	Plant & machinery	NIL	286,000.00
8,000.00	Furniture & equipment	NIL	NIL
83,000.00	Motor vehicles	NIL	2,186.79
		NIL	288,186.79
	OTHER REALISATIONS		
	Bank interest, gross	199.06	252.89
	Funds received from Third Party	(5,020.80)	NIL
	Trading surplus/(deficit)	(15,118.21)	89,201.67
		(19,939.95)	89,454.56
	COST OF REALISATIONS		
	Irrecoverable VAT	0.20	(104.40)
	Legal disbursements	(23.00)	(23.00)
	Agents'/Valuers' fees	NIL	(7,500.00)
	Payroll Fees	NIL	(157.50)
	Legal fees	(3,013.90)	(9,027.40)
	Agents' / Valuers' Disbursements	NIL	(2,000.00)
	Storage costs	NIL	(542.37)
	Statutory advertising	NIL	(67.00)
	Other property expenses	NIL	(1,245.00)
	Insurance of assets	NIL	(2,550.10)
	Bank charges	(40.00)	(260.00)
		(3,076.70)	(23,476.77)
	PREFERENTIAL CREDITORS		
	PAYE income tax etc	(607.20)	(607.20)
	Nat' ins. contributions	(163.72)	(163.72)
	Subrogated EP(C)A claim	(2,146.48)	(2,146.48)
	Employees' wage arrears	(16,000.00)	(16,000.00)

Key Food Ingredients Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 22/03/2017 To 21/09/2017 (£)	From 22/09/2016 To 21/09/2017 (£)
	Employees' holiday pay	(2,267.50)	(2,267.50)
		(21,184.90)	(21,184.90)
	FLOATING CHARGE CREDITORS		
(1,144,000.00)	Floating charge	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(2,748,376.00)	Trade & expense	NIL	NIL
		NIL	NIL
(2,291,376.00)		(49,829.51)	605,913.90
	REPRESENTED BY		
	Floating ch. VAT rec'able		8,226.41
	Fixed charge current		271,711.00
	Floating charge current		332,266.16
	Fixed charge VAT rec'able		4,410.49
	Fixed charge VAT payable		(500,000.00)
	Floating ch. VAT payable		(121,128.78)
	Floating ch. VAT control		113,615.89
	Fixed charge VAT control		496,812.73
			605,913.90

Appendix 3 Schedule of expenses

Schedule of expenses (22/03/2017 to 21/09/2017)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Administrators' fees	0.00	87,000.50	87,000.50
Irrecoverable VAT	0.20	0.00	0.20
Bank charges	40.00	0.00	40.00
TOTAL	40.20	87,000.50	87,040.70

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Matt Herbert at 1 St Peter's Square, Manchester, M2 3AE.

Appendix 4 Joint Administrators' revised expenses estimate

Summary of Expenses from appointment					
		Total for Administration			
Expenses (£)	Narrative	Initial Estimates (£)	Paid to date (£)	Future costs (£)	Total (£)
Purchases					
Purchases		0.00	50,366.30	0.00	50,366.30
Other direct costs					
Direct labour		0.00	44,416.86	0.00	44,416.86
Trading expenses					
Sub contractors		0.00	459.35	0.00	459.35
Rates		0.00	17,075.01	0.00	17,075.01
Heat & light		0.00	13,761.46	0.00	13,761.46
Travel		0.00	655.94	0.00	655.94
Carriage		0.00	1,262.15	0.00	1,262.15
Waste removal		0.00	736.56	0.00	736.56
Stationery, postage & misc		0.00	70.93	0.00	70.93
Fixed charge costs					
Administrators' time costs and disbursements		150,000.00	0.00	150,000.00	150,000.00
Legal fees and disbursements		30,000.00	16,248.10	5,500.00	21,748.10
Agents'/Valuers' fees and disbursements		10,000.00	5,000.00	0.00	5,000.00
Bank charges		0.00	20.00	40.00	60.00
Security		0.00	312.00	0.00	312.00
Storage costs		0.00	542.37	0.00	542.37
Insurance		5,000.00	5,576.62	0.00	5,576.62
Property holding costs		5,000.00	0.00	0.00	0.00
Cost of realisations					
Administrators' fees		200,000.00	0.00	250,000.00	250,000.00
Irrecoverable VAT		0.00	104.40	0.60	105.00
Legal fees and disbursements		10,000.00	9,050.40	0.00	9,050.40
Agents'/Valuers' fees and disbursements		7,500.00	9,500.00	0.00	9,500.00
Payroll Fees		0.00	157.50	0.00	157.50
Storage costs		500.00	542.37	0.00	542.37
Statutory advertising		250.00	67.00	67.00	134.00
Other property expenses		0.00	1,245.00	0.00	1,245.00
Insurance of assets		3,000.00	2,550.10	0.00	2,550.10
Bank charges		0.00	260.00	40.00	300.00
Mail redirection		350.00	0.00	0.00	0.00
Pre-administration legal fees and disbursements		2,775.75	0.00	0.00	0.00
TOTAL		424,595.75	179,980.42	405,647.60	585,628.02

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Matt Herbert on 0161 246 4010.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

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

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

Table of charge-out rates

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek 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 to both 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.

Category 2 disbursements charged by KPMG Restructuring include 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 KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

The following disbursements have been incurred in the Period:

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs	96.77		NIL		96.77
External printing	3.50		NIL		3.50
Postage	31.96		NIL		31.96
Sundry	12.00		NIL		12.00
Total	144.23		NIL		144.23

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 22 March 2017 to 21 September 2017

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none">■ preparing statutory receipts and payments accounts;■ obtaining approval from Secured and preferential creditor for a 6-month extension of the administration;■ dealing with all closure related formalities;■ ensuring compliance with all statutory obligations within the relevant timescales.
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Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ meeting with management to review and update strategy and monitor progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of HSBC Bank PLC regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ reviewing outstanding debtors and management of debt collection strategy; ■ liaising with Company credit control staff and communicating with debtors; ■ seeking legal advice in relation to book debt collections; ■ reviewing the inter-company debtor position between the Company and other group companies.
Employees	<ul style="list-style-type: none"> ■ managing claims from employees;
Pensions	<ul style="list-style-type: none"> ■ calculating employee pension contributions and review of pre-appointment unpaid contributions; ■ ensuring compliance with our duties to issue statutory notices;
Creditors and claims	<ul style="list-style-type: none"> ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ agreeing preferential/unsecured claims; ■ arranging distributions to the preferential creditors; ■ drafting our progress report.
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing the questionnaires submitted by the Directors of the Company;

Time costs

SIP 9 –Time costs analysis (22/03/2017 to 21/09/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
<i>Bankrupt/Director/Member</i>			
General correspondence	3.00	1,680.00	560.00
<i>Cashiering</i>			
Fund management	0.50	107.50	215.00
General (Cashiering)	10.40	2,372.00	228.08
Reconciliations (& IPS accounting reviews)	1.00	271.00	271.00
<i>General</i>			
Books and records	1.00	215.00	215.00
Fees and WIP	2.00	430.00	215.00
Other office holders	2.30	494.50	215.00
<i>Statutory and compliance</i>			
Appointment and related formalities	6.20	1,543.00	248.87
Checklist & reviews	10.40	4,651.00	447.21
Reports to debenture holders	9.70	3,975.50	409.85
Strategy documents	26.70	10,653.00	398.99
<i>Tax</i>			
Initial reviews - CT and VAT	10.60	2,489.00	234.81
Post appointment corporation tax	19.55	9,305.25	475.97
Post appointment VAT	10.00	2,591.00	259.10
Creditors			
<i>Creditors and claims</i>			
Agreement of claims	1.00	255.00	255.00
Agreement of preferential claims	7.40	2,745.00	370.95
Agreement of unsecured claims	55.00	12,921.00	234.93
General correspondence	4.50	1,702.50	378.33
Payment of dividends	12.30	3,423.50	278.33
Secured creditors	6.65	2,033.50	305.79
Statutory reports	37.25	14,083.75	378.09
<i>Employees</i>			
Agreeing employee claims	1.70	461.50	271.47
Correspondence	1.40	301.00	215.00
Pension funds	2.00	430.00	215.00
Pensions reviews	1.70	365.50	215.00

SIP 9 –Time costs analysis (22/03/2017 to 21/09/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Investigation			
Directors			
Directors' questionnaire / checklist	2.00	1,120.00	560.00
Realisation of assets			
Asset Realisation			
Debtors	26.80	5,762.00	215.00
Freehold property	0.90	193.50	215.00
Health & safety	1.00	425.00	425.00
Total in period	274.95	87,000.50	316.42

Brought forward time (appointment date to SIP 9 period start date)	1,288.40	420,670.75
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	274.95	87,000.50
Carry forward time (appointment date to SIP 9 period end date)	1,563.35	507,671.25

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 the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Glossary

Bank/HSBC	HSBC Bank PLC
the Company	Key Food Ingredients Limited - in Administration
Directors	Philip John Nash and John Stuart McNaughton
Group	The Company together with; Simplea Food Products Limited – in Administration
HIF	HSBC Invoice Finance (UK) Ltd
Joint Administrators/we/our/us	Paul Dumbell, Paul Flint and David Costley-Wood
KPMG	KPMG LLP
the Period	22 March 2017 to 21 September 2017
Secured creditors	HSBC Bank PLC and HSBC Invoice Finance (UK) Ltd

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by Paul Dumbell, Paul Flint and David Costley-Wood, the Joint Administrators of Key Food Ingredients Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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 under the Insolvency Rules (England and Wales) 2016 does so at its 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 to any such person.

Paul Nicholas Dumbell and Paul Andrew Flint and David James Costley-Wood are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company 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.

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