

The Insolvency Act 1986

Administrators' progress report

Name of Company AAA Linen Services Limited	Company number 04254619
In the High Court of Justice	Court case number 8582 of 2014

(a) Insert full name(s)
and address(es) of
administrator(s)

I/We (a)

Neil David Gostelow
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

David John Standish
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 26 November 2015

(b) 25 May 2016

Signed



Joint Administrator

Dated

14 June 2016

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.

James Rivers
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD United Kingdom

Tel 020 73118091

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



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AAA Linen Services Limited - in Administration

Joint Administrators' progress report for the
period 26 November 2015 to 25 May 2016

17 June 2016

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 5)

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+AEB25E0950.html> We hope this is helpful to you

Please also note that an important legal notice about this progress report is attached (Appendix 6).



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1 Executive summary

- This progress report covers the period from 26 November 2015 to 25 May 2016
- Our work to maximise realisations from the Company's remaining assets is now largely complete, subject to a final reconciliation of the book debt collections (Section 2 - Progress to date)
- We anticipate that the Secured creditor will be repaid in full (Section 3 - Dividend prospects and dividends paid)
- As all employees transferred to the Purchaser under TUPE there are no preferential claims against the Company (Section 3 - Dividend prospects and dividends paid)
- Based on current estimates, the unsecured creditors will receive a dividend but we are unable to confirm the amount or timing of the dividend at this stage (Section 3 - Dividend prospects and dividends paid)
- The administration is currently due to end on 25 November 2016
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+AEB25E0950.html> Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT



Neil Gostelow
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

As previously advised, on 26 November 2014 we successfully completed a pre-packaged sale of the Company's business and assets to AAA Linen Supplies Limited for a total consideration of £2.3 million.

We have largely completed our work to realise the Company's assets, subject to concluding book debt collections.

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.

Pre-appointment tax refunds

As previously advised, we submitted all outstanding pre-administration tax returns to HMRC, together with our claim for a corporation tax refund of c. £90,000.

I can confirm that we have now received the sum of £90,205 in this respect.

Pre-appointment VAT refunds

During the period we have corresponded with HMRC to resolve their final queries and secure a further refund of £8,988 in respect of the Bad Debt Relief Claims on unpaid pre-administration invoices.

No further recoveries are expected from this source.

Book debts

Since our last report to creditors, we have received a further £1,250 in relation to book debts not included in the sale of the business.

We are in the final stages of the book debt collection process, however, we do not anticipate significant further recoveries.

2.3 Costs

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

Amount due to AAA Linen Supplies Limited

During the period, as part of our final reconciliation process, we have identified receipts during the administration that are due for repayment to AAA Linen Supplies Limited. These include an overpayment of business rates and post-sale book debts that were paid directly to us in error. Once the final position between the Company and AAA Linen Supplies Limited has been agreed, the net amount will be paid over to AAA Linen Supplies Limited.



No other significant payments have been made during the period covered by this report

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

During the period, we have distributed £9,722 to the Bank - all of which relates to floating charge realisations

3.2 Preferential creditors

We are not aware of any preferential claims against the Company

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors will receive a dividend, although we have yet to determine the amount of this

We are issuing our notice of intention to declare a first and final dividend to the unsecured creditors alongside this report

4 Joint Administrators' remuneration and disbursements

Time costs

From 26 November 2015 to 25 May 2016, we have incurred time costs of £31,914. These represent 108 hours at an average rate of £295 per hour.

Disbursements

During the period, we have not incurred any disbursements

Additional information

We have attached (Appendix 4) 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 26 November 2015 to 25 May 2016. We have also attached our charging and disbursements policy.



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

- Concluding debtor realisations and finalising the position in relation to AAA Linen Supplies Limited,,
- Adjudicating the claims received from the unsecured creditors, including directors' loans and intercompany debts and calculating the dividend to be paid and pay the dividend,
- Paying administration expenses, including our remuneration and disbursements, and
- Complying with statutory and compliance obligations

5.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court

The creditors have granted a 12-month extension to the period of the administration

The administration is due to end on 25 November 2016

We envisage that the administration will be completed by 25 November 2016. However, in the unlikely event that this is not possible, we will apply to Court for a further extension to the period of the administration

5.3 Future reporting

We intend to provide our final progress report by 25 November 2016

However, if an extension request is necessary we will provide a further progress report to accompany our application to Court

Appendix 1 Statutory information

Company information

Company name	AAA Linen Services Limited
Date of incorporation	18 July 2001
Company registration number	04254619
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 8582 of 2014
Appointor	Directors
Date of appointment	26 November 2014
Joint Administrators' details	Neil Gostelow and David Standish
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £466,958 Estimated Prescribed Part is £96,391 The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3)
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
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	25 November 2016



Appendix 2 Joint Administrators' receipts and payments account

AAA Linen Services Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 26/11/2015 To 25/05/2016 (£)	From 26/11/2014 To 25/05/2016 (£)
FIXED CHARGE ASSETS		
Book debts subject to RBSIF	NIL	619,362 55
Goodwill and Intellectual Property	NIL	2 00
	NIL	619,364 55
FIXED CHARGE CREDITORS		
(619,000 00) Fixed charge creditor - RBSIF	NIL	(619,362 55)
(1,914,000 00) Fixed charge creditor - Asset financiers	NIL	NIL
(20,000 00) Fixed charge creditor - RBS	NIL	NIL
	NIL	(619,362 55)
ASSET REALISATIONS		
Plant and machinery	NIL	100,000 00
Stock (Linen)	NIL	10,000 00
Work in progress	NIL	304,054 42
Surplus book debts after repayment RBSIF	1,250 00	128,209 29
Contribution to legal fees	NIL	3,895 55
Contribution to administration costs	NIL	12,000 00
Tax refunds (pre-app'ent)	90,204 52	90,204 52
VAT refunds (pre-app'ent)	8,988 31	142,807 09
Rent	NIL	272,808 90
Receipts due to purchaser	5,398 64	5,398 64
	105,841 47	1,069,378 41
OTHER REALISATIONS		
Bank interest, gross	1,254 79	2,936 21
Sundry refunds	NIL	5,096 59
Business rates refund	NIL	6,997 51
Rates received per licence	NIL	36,400 00
	1,254 79	51,430 31
COST OF REALISATIONS		
Consultancy fees	NIL	(1,200 00)
Consultancy Fees (pre administration)	NIL	(2,250 00)
Statement of affairs work	NIL	(500 00)
Administrators' fees(pre-administration)	NIL	(60,000 00)
Administrators' expenses	NIL	(371 97)

AAA Linen Services Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 26/11/2015 To 25/05/2016 (£)	From 26/11/2014 To 25/05/2016 (£)
	Administrators' fees	NIL	(150,000 00)
	Legal fees	NIL	(3,695 00)
	Legal fees (Pre-appointment)	NIL	(35,065 00)
	Statutory advertising	NIL	(169 20)
	Rent	NIL	(272,405 58)
	Rates	NIL	(25,127 51)
	Insurance of assets	NIL	(434 60)
	Bank charges	(20 00)	(453 00)
		(20 00)	(551,671 86)
	FLOATING CHARGE CREDITORS		
	Secured creditor	(9,722 09)	(9,722 09)
		(9,722 09)	(9,722 09)
	UNSECURED CREDITORS		
(2,746,738 00)	Trade & expense	NIL	NIL
(1,191,275 00)	Directors	NIL	NIL
(634,000 00)	Shortfall to Asset financiers	NIL	NIL
(2,094,051 00)	Connected companies	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(320,600 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(9,539,664 00)		97,354 17	559,416 77
	REPRESENTED BY		
	Floating ch VAT rec'able		82,663 92
	Floating charge current		569,847 24
	Floating ch VAT payable		(64,593 46)
	Floating ch VAT control		(28,500 93)
			559,416 77



Appendix 3 Schedule of expenses

Schedule of expenses (26/11/2015 to 25/05/2016)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Administrators' fees	0 00	31,914 25	31,914 25
Bank charges	20 00	0 00	20.00
TOTAL	20 00	31,914 25	31,934 25

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 James Rivers at KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD



Appendix 4 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 James Rivers on 020 73118091.

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 Oct 2015 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125



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

We have not incurred any disbursements during the period

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 26 November 2015 to 25 May 2016

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none">■ preparing statutory receipts and payments accounts,■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none">■ 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,■ complying with internal filing and information recording practices, including documenting strategy decisions
Cashiering	<ul style="list-style-type: none">■ preparing and processing vouchers for the payment of 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">■ analysing VAT related transactions,■ liaising with HMRC to resolve queries relating to pre and post administration VAT returns



	<ul style="list-style-type: none"> and secure refunds, ■ 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
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, ■ finalising financial position with AAA Linen Supplies Limited
Property matters	<ul style="list-style-type: none"> ■ reconciling payments made to the Company under the Licence to Occupy in respect of rents, rates, insurance, etc to the payments made by the Company to the landlords
Creditors and claims	<ul style="list-style-type: none"> ■ updating the list of unsecured creditors, ■ 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, ■ drafting our progress report

Time costs

SIP 9 – Time costs analysis (26/11/2015 to 25/05/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
General (Cashiering)		0 20		3 10	3 30	716 50	217 12
Reconciliations (& IPS accounting reviews)		0 60		2 60	3 20	798 50	249 53
General							
Books and records				1 30	1 30	341 50	262 69
Fees and WIP				1 20	1 20	276 00	230 00
Statutory and compliance							
Checklist & reviews	1 00	3 50		0 90	5 40	2,204 50	408 24
Strategy documents	1 00	1 40			2 40	1,182 00	492 50
Tax							
Post appointment corporation tax		0 60		3 30	3 90	1,167 00	299 23
Post appointment VAT	0 50	6 20		24 85	31 55	8,435 75	267 38
Creditors							
Creditors and claims							
Agreement of claims		1 50			1 50	727 50	485 00
Agreement of unsecured claims		0 80		24 80	25 60	5,520 50	215 64
General correspondence		0 50		3 00	3 50	1,035 00	295 71
Payment of dividends		1 00			1 00	485 00	485 00
Pre-appointment VAT / PAYE / CT		1 10			1 10	477 50	434 09
Secured creditors		0 30		0 70	1 00	341 50	341 50



SIP 9 – Time costs analysis (26/11/2015 to 25/05/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Statutory reports		4 40		5 40	9 80	3,326 00	339 39
Realisation of assets							
Asset Realisation							
Debtors	1 20	2 80		0 20	4 20	1,840 00	438 10
Leasehold property		5 40		1 40	6 80	2,587 00	380 44
Other assets				0 30	0 30	84 00	280 00
Pre-appointment tax & VAT refunds		0 50		0 70	1 20	368 50	307 08
Total in period	3 70	30 80		73 75	0 00	108 25	31,914 25
							294 82

Brought forward time (appointment date to SIP 9 period start date)	676 00	239,603 75
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	108 25	31,914 25
Carry forward time (appointment date to SIP 9 period end date)	784 25	271,518 00

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 5 Glossary

Bank	Royal Bank of Scotland Plc
Company	AAA Linen Services Limited - in Administration
HMRC	Her Majesty's Revenue and Customs
Joint Administrators/we/our/us	Neil Gostelow and David Standish
KPMG	KPMG LLP
Newco / Purchaser	AAA Linen Supplies Limited
RBSIF	RBS Invoice Finance
Secured creditors	RBSIF and the Bank
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively



Appendix 6 Notice About this report

This report has been prepared by Neil Gostelow and David Standish, the Joint Administrators of AAA Linen Services Limited – in Administration (the ‘Company’), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 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.

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 1986 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.

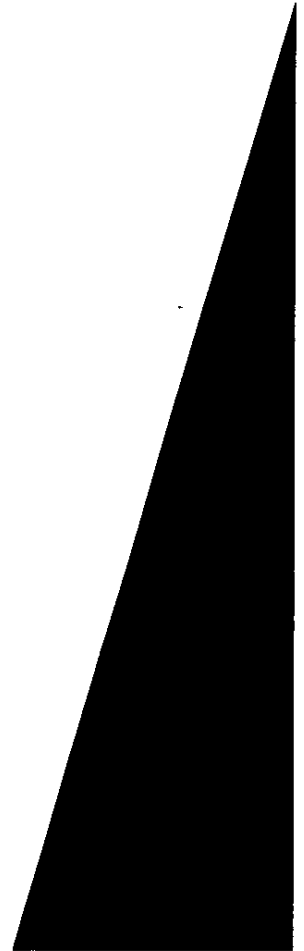
Neil David Gostelow is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

David John Standish is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

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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