

The Insolvency Act 1986

Administrators' progress report

Name of Company AAA Linen Services Limited	Company number 04254619
In the High Court of Justice [full name of court]	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 2016

(b) 2 December 2016

Signed



Joint Administrator

Dated

8 December 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

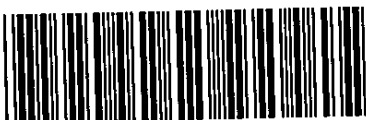
Tel 020 73118091

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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COMPANIES HOUSE



Joint
Administrators'
final progress
report for the
periods 26
May 2016 to
25 November
2016 and 26
November
2016 to 2
December
2016

AAA Linen Services Limited -
in Administration

8 December 2016

Notice to creditors

This progress report provides a final update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since our previous progress report

We have also explained the exit route from the administration and the outcome for each class of creditors

You will find other important information in the document such as the costs we have incurred

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+AEB25E0950 html](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 report is attached (Appendix 7).

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1 Executive summary

- This final progress report covers the periods from 26 May 2016 to 25 November 2016 and 26 November 2016 to 2 December 2016
- Our work to maximise realisations from the Company's remaining assets is now complete (Section 2 - Progress to date)
- The Secured creditor was repaid in full (Section 3 – Outcome for creditors)
- As all employees transferred to the Purchaser under TUPE there are no preferential claims against the Company (Section 3 – Outcome for creditors)
- The unsecured creditors received a dividend from the Prescribed Part fund of 1 22 pence in the pound (Section 3 – Outcome for creditors)
- On 2 December 2016, the Company was placed into Creditors' Voluntary Liquidation and we ceased to act as Joint Administrators. On the same date, we were appointed as Joint Liquidators of the Company
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors <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 provides a final update on the strategy for the administration and on the progress made. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Strategy

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 continued to maximise realisations from the Company's remaining assets for the benefit of creditors.

2.2 Asset realisations

Realisations during the periods covered by this report are set out in the attached receipts and payments accounts (Appendix 2).

Book debts

Since our last report to creditors, we have received a further £8,908 in relation to book debts not included in the sale of the business.

No other significant receipts have been received during the periods covered by this report.

Investigations

We reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for creditors. As previously reported, we did not consider it appropriate to carry out further investigation work.

2.3 Costs

Payments made in these reporting periods are set out in the attached receipts and payments accounts (Appendix 2).

Amount due to AAA Linen Supplies Limited

During the reporting periods, we finalised the position between the Company and AAA Linen Supplies Limited. Accordingly, the sum of £19,122 has been paid over to AAA Linen Supplies Limited, which included an overpayment of business rates and post-sale book debts that were paid directly to us in error.

No other significant payments were made during the periods covered by this report.

2.4 Schedules of expenses

We have detailed the costs incurred during the reporting periods, whether paid or unpaid, in the schedules of expenses attached (Appendix 3)

3 Outcome for creditors

3.1 Secured creditors

The Secured creditors were paid in full during the administration

3.2 Preferential creditors

We are not aware of any preferential claims against the Company

3.3 Unsecured creditors

During the reporting periods we declared a first and final dividend on the agreed claims of the unsecured creditors of the Company of 1 22 pence in the pound from the Prescribed Part funds

4 Joint Administrators' remuneration and disbursements

Time costs

From 26 May 2016 to 25 November 2016, we have incurred time costs of £62,398. These represent 189 hours at an average rate of £330 per hour.

From 26 November 2016 to 2 December 2016, we have incurred time costs of £1,609. These represent 4 hours at an average rate of £402 per hour.

This brings our total time costs for the administration to £330,899.

Remuneration

During the periods covered by this report, we have not drawn any remuneration.

However, we intend to draw remuneration of £90,000 during the liquidation against our total outstanding time costs from the administration. Our remuneration as Administrators will therefore total £240,000. The unpaid element of our time costs from the administration will be written off.

Disbursements

During the periods covered by this report, we have incurred disbursements of £2,159. None of these have been paid.

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 periods from 26 May 2016 to 25 November 2016 and 26 November 2016 to 2 December 2016. We have also attached our charging and disbursements policy.

5 Conclusion of the administration

On 2 December 2016, the requisite forms were registered by the Registrar of Companies and the Company was placed into Creditors' Voluntary Liquidation

We ceased to act as Joint Administrators on 2 December 2016 and will be discharged of liability in respect of any action of ours as Joint Administrators following the submission of our final receipts and payments account at Companies House

In accordance with our proposals, we were appointed Joint Liquidators of the Company on 2 December 2016

The balance in hand shown in our receipts and payments account from 26 November 2016 to 2 December 2016 will now be transferred into the liquidation bank account

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
Functions	The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	25 November 2016
Values of the Net Property and Prescribed Part	Net Property was £496,277 Prescribed Part was £102,255
Prescribed Part distribution	The amount distributed to unsecured creditors during the administration by way of the Prescribed Part was £82,255

Appendix 2 Joint Administrators' receipts and payments accounts

AAA Linen Services Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 26/05/2016 To 25/11/2016 (£)	From 26/11/2014 To 25/11/2016 (£)
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	8,907 52	137,116 81
	Contribution to legal fees	NIL	3,895 55
	Contribution to administration costs	NIL	12,000 00
	Tax refunds (pre-app'ent)	NIL	90,204 52
	VAT refunds (pre-app'ent)	(8,282 52)	149,771 20
	Rent	NIL	272,808 90
	Receipts due to purchaser	NIL	5,398 64
		625 00	1,085,250 04
OTHER REALISATIONS			
	Bank interest, gross	454 93	3,391 14
	Sundry refunds	NIL	5,096 59
	Business rates refund	NIL	6,997 51
	Rates received per licence	NIL	36,400 00
		454 93	51,885 24
COST OF REALISATIONS			
	Consultancy fees	NIL	(1,200 00)
	Consultancy Fees (pre administration)	NIL	(2,250 00)
	Debtor payment to NewCo	(5,398 64)	(5,398 64)
	Repayment of Rates	(11,272 49)	(11,272 49)

AAA Linen Services Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 26/05/2016 To 25/11/2016 (£)	From 26/11/2014 To 25/11/2016 (£)
	Fee on book debt recovery	(2,450 84)	(2,450 84)
	Statement of affairs work	NIL	(500 00)
	Administrators' fees(pre-administration)	NIL	(60,000 00)
	Administrators' expenses	NIL	(371 97)
	Administrators' fees	NIL	(150,000 00)
	Irrecoverable VAT	(12 89)	(12 89)
	Legal fees	NIL	(3,695 00)
	Legal fees (Pre-appointment)	NIL	(35,065 00)
	Statutory advertising	(67 00)	(236 20)
	Rent	(408 04)	(272,813 62)
	Rates	NIL	(25,127 51)
	Insurance of assets	NIL	(434 60)
	Bank charges	(68 50)	(521 50)
		(19,678 40)	(571,350 26)
	FLOATING CHARGE CREDITORS		
	Secured creditor	NIL	(9,722 09)
		NIL	(9,722 09)
	UNSECURED CREDITORS		
(2,746,738 00)	Trade & expense	(82,255 00)	(82,255 00)
(1,191,275 00)	Directors	NIL	NIL
(634,000 00)	Shortfall to Asset financiers	NIL	NIL
(2,094,051 00)	Connected companies	NIL	NIL
		(82,255 00)	(82,255 00)
	DISTRIBUTIONS		
(320,600 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(9,539,664 00)		(100,853 47)	473,809 93
	REPRESENTED BY		
	Floating ch VAT rec'able		85,558 59
	Floating charge current		471,0 26
	Floating ch VAT payable		(69,559 62)
	Floating ch VAT control		(13,254 30)
			473,814 93

AAA Linen Services Limited - in Administration
Abstract of receipts & payments

Statement of affairs (£)	From 26/11/2016 To 02/12/2016 (£)	From 26/11/2014 To 02/12/2016 (£)
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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	NIL	137,116 81
Contribution to legal fees	NIL	3,895 55
Contribution to administration costs	NIL	12,000 00
Tax refunds (pre-app'ent)	NIL	90,204 52
VAT refunds (pre-app'ent)	NIL	149,771 20
Rent	NIL	272,808 90
Receipts due to purchaser	NIL	5,398 64
	NIL	1,085,250 04

OTHER REALISATIONS

Bank interest, gross	NIL	3,391 14
Sundry refunds	NIL	5,096 59
Business rates refund	NIL	6,997 51
Rates received per licence	NIL	36,400 00
	NIL	51,885 24

COST OF REALISATIONS

Consultancy fees	NIL	(1,200 00)
Consultancy Fees (pre administration)	NIL	(2,250 00)
Debtor payment to NewCo	NIL	(5,398 64)
Repayment of Rates	NIL	(11,272 49)
Fee on book debt recovery	NIL	(2,450 84)
Statement of affairs work	NIL	(500 00)

AAA Linen Services Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 26/11/2016 To 02/12/2016 (£)	From 26/11/2014 To 02/12/2016 (£)
Administrators' fees(pre-administration)	NIL	(60,000 00)
Administrators' expenses	NIL	(371 97)
Administrators' fees	NIL	(150,000 00)
Irrecoverable VAT	NIL	(12 89)
Legal fees	NIL	(3,695 00)
Legal fees (Pre-appointment)	NIL	(35,065 00)
Statutory advertising	NIL	(236 20)
Rent	NIL	(272,813 62)
Rates	NIL	(25,127 51)
Insurance of assets	NIL	(434 60)
Bank charges	(20 75)	(542 25)
	(20 75)	(571,371 01)
FLOATING CHARGE CREDITORS		
Secured creditor	NIL	(9,722 09)
	NIL	(9,722 09)
UNSECURED CREDITORS		
(2,746,738 00) Trade & expense	NIL	(82,255 00)
(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	(82,255 00)
DISTRIBUTIONS		
(320,600 00) Ordinary shareholders	NIL	NIL
	NIL	NIL
(9,539,664 00)	(20 75)	473,789 18
REPRESENTED BY		
Floating ch VAT rec'able		85,558 59
Floating charge current		471,044 51
Floating ch VAT payable		(69,559 62)
Floating ch VAT control		(13,254 30)
		473,789 18

Appendix 3 Schedules of expenses

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

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Debtor payment to NewCo	5,398 64	0 00	5,398 64
Joint Administrators' remuneration	0 00	62,397 50	62,397 50
Joint Administrators' expenses	0 00	2,159 02	2,159 02
Irrecoverable VAT	8,295 41	0 00	8,295 41
Repayment of Rates	11,272 49	0 00	11,272 49
Fee on book debt recovery	2,450 84	0 00	2,450 84
Rent	408 04	0 00	408 04
Bank charges	68 50	0 00	68 50
Statutory advertising	67 00	0 00	67 00
TOTAL	27,960 92	64,556 52	92,517.44

Schedule of expenses (26/11/2016 to 02/12/2016)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Joint Administrators' remuneration	0 00	1,609 00	1,609 00
Bank charges	20 75	0 00	20 75
TOTAL	20 75	1,609 00	1,629 75

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 on 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 charge-out rates per hour worked 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.

Table of charge-out rates

Charge-out rates (£) for: Restructuring		
Grade	From 01 Oct 2015 £/hr	From 01 Nov 2016 £/hr
Partner	595	625
Director	535	560
Senior Manager	485	510
Manager	405	425
Senior Administrator	280	295
Administrator	205	215
Support	125	131

The hourly charge-out rates we use might periodically rise over the period of the administration, for example to cover annual inflationary cost increases.

Policy for the recovery of disbursements

We have recovered Category 1 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 incurred the following disbursements (excluding VAT) during the period 26 May 2016 to 25 November 2016

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Postage	2,159 02		NIL		2,159 02
Total	2,159 02		NIL		2,159 02

No disbursements were incurred during the period 26 November 2016 to 2 December 2016

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

Category 2 disbursements have been approved in the same manner as our remuneration

Narrative of work carried out for the period 26 May 2016 to 2 December 2016

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none">▪ Posting information on a dedicated web page,▪ preparing statutory receipts and payments accounts,▪ arranging bonding and complying with statutory requirements,▪ 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"> ▪ 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, ▪ 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, ▪ 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, ▪ 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 AAA Linen Supplies Limited regarding debtor recoveries, ▪ reviewing the inter-company debtor position between the Company and other group companies
Property matters	<ul style="list-style-type: none"> ▪ Reviewing historical rent and insurance payments
Creditors and claims	<ul style="list-style-type: none"> ▪ agreeing unsecured claims, ▪ arranging distributions to the unsecured creditors, ▪ drafting our final progress report

Time costs

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

	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support		
Administration & planning						
Cashiering						
General (Cashiering)				4 30	4 30	1,008 50
Reconciliations (& IPS accounting reviews)	0 30	0 20		2 10	2 60	698 00
General						
Books and records				0 30	0 30	87 00
Fees and WIP				1 50	1 50	397 50
Statutory and compliance						
Checklist & reviews		1 60		2 90	4 50	1,495 00
Closure and related formalities		6 50		4 10	10 60	3,964 50
Strategy documents	0 60	9 30			9 90	4,203 50
Tax						

SIP 9 – Time costs analysis (26/05/2016 to 25/11/2016)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Post appointment corporation tax		3 90	2 90		6 80	2,391 50	351 69
Post appointment VAT		6 20	22 95		29 15	8,335 00	285 93
Creditors							
Creditors and claims							
Agreement of claims			4 50		4 50	922 50	205 00
Agreement of unsecured claims		10 40	30 90		41 30	11,333 00	274 41
General correspondence		0 60	5 80		6 40	1,825 00	285 16
Payment of dividends	0 50	4 10	7 80		12 40	3,945 50	318 19
Pre-appointment VAT / PAYE / CT		1 10			1 10	445 50	405 00
Statutory reports	2 00	5 00	6 00		13 00	4,994 00	384 15
Employees							
Correspondence			0 80		0 80	224 00	280 00
Realisation of assets							
Asset Realisation							
Debtors	2 70	31 40	4 40		38 50	15,763 50	409 44
Leasehold property			1 30		1 30	364 00	280 00
Total in period	6 10	80 30	102 55	0 00	188 95	62,397 50	330 23

Brought forward time (appointment date to SIP 9 period start date)	775 30	266,892 25
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	188 95	62,397 50
Carry forward time (appointment date to SIP 9 period end date)	964 25	329,289 75

SIP 9 – Time costs analysis (26/11/2016 to 02/12/2016)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
General (Cashiering)		0 90			0 90	382 50	425 00
Statutory and compliance							
Closure and related formalities		1 30		0 70	2 00	759 00	379 50

SIP 9 – Time costs analysis (26/11/2016 to 02/12/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Creditors							
Creditors and claims							
Statutory reports		0 90			0 90	382 50	425 00
Asset Realisation							
Debtors		0 20			0 20	85 00	425 00
Total in period	0 00	3.30	0 70	0 00	4 00	1,609 00	402 25

Brought forward time (appointment date to SIP 9 period start date) 964 25 329,289 75

SIP 9 period time (SIP 9 period start date to SIP 9 period end date) 4 00 1,609 00

Carry forward time (appointment date to SIP 9 period end date) 968 25 330,898 75

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 analyses are charged in units of six minutes.

Appendix 5 Summary of Joint Administrators' proposals

In light of the historic utility claim, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b)

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals

We propose the following

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above,
- to investigate and, if appropriate, to pursue any claims the Company may have,
- to seek an extension to the administration period if we consider it necessary

Distributions

- to make distributions to the creditors where funds allow,
- to apply to the Court for the authority to make a distribution to unsecured creditors if funds become available

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors,
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate,
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Neil Gostelow and David Standish, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved,
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Neil Gostelow and David Standish, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together,
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to

be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies

Alternatively, we may allow the administration to end automatically

Joint Administrators' remuneration and pre-administration costs

We propose that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3,
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3,
- unpaid pre-administration costs be an expense of the administration

Discharge from liability

- We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies

Appendix 6 Glossary

Bank	Royal Bank of Scotland Plc
Company	AAA Linen Services Limited - in Administration
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 and 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 7 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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