

LIQ03

Notice of progress report in voluntary winding up



Companies House

SATURDAY



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20/01/2018

#162

COMPANIES HOUSE

1 Company details

Company number 0 4 2 5 4 6 1 9

Company name in full AAA Linen Services Limited

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

2 Liquidator's name

Full forename(s) Neil David

Surname Gostelow

3 Liquidator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Liquidator's name ①

Full forename(s) David John

Surname Standish

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

5 Liquidator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

② Other liquidator
Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	^d 0	^d 2	^m 1	^m 2	^y 2	^y 0	^y 1	^y 6	
To date	^d 0	^d 1	^m 1	^m 2	^y 2	^y 0	^y 1	^y 7	

7 Progress report

	<input checked="" type="checkbox"/> The progress report is attached	
--	---------------------------------------------------------------------	--

8 Sign and date

Liquidator's signature	<div>Signature</div> <div> X  X </div>	
Signature date	^d 1 ^d 9 ^m 0 ^m 1 ^y 2 ^y 0 ^y 1 ^y 8	

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**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	James Rivers
Company name	KPMG LLP
Address	15 Canada Square
	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	
DX	
Telephone	Tel +44 (0) 20 7311 1000

**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
Liquidators'
progress
report for the
period 2
December
2016 to 1
December
2017

AAA Linen Services Limited -
in Liquidation

19 January 2018

Notice to creditors

This report provides an update on the liquidation of the Company.

We have included (Appendix 2) an account of all amounts received and payments made during the period from the date of our appointment on 2 December 2016 to 1 December 2017.

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

You will find other important information in this 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+AGC05A1935.html>. We hope this is helpful to you.

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

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1 Executive summary

- This report covers the period from the date of appointment to 1 December 2017.
- The liquidation remains open pending receipt of a dividend from the Company Voluntary Arrangement ("CVA") of a debtor (Section 2 - Progress to date).
- The Secured creditors were repaid in full during the administration (Section 3 - Dividend prospects).
- A dividend will be paid to the unsecured creditors following receipt of the dividend from the debtor in CVA. The timing and amount of this is currently uncertain. (Section 3 - Dividend prospects).
- Please note: you should read this report in conjunction with any previous correspondence sent to the Company's creditors; these can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+AGC05A1935.html> for reports issued during the liquidation and <http://www.insolvency-kpmg.co.uk/case+KPMG+AEB25E0950.html> for reports issued during the administration. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.



Neil Gostelow
Joint Liquidator

2 Strategy and progress to date

This section updates you on our strategy for the liquidation and on our progress to date.

2.1 Strategy to date

Strategy

During the liquidation we have closely monitored the CVA of a debtor, which is now drawing to a close and will enable us to take steps to pay a final dividend and close the liquidation.

VAT investigation

We have assisted HMRC with their enquiries into the VAT affairs of the Company which we can confirm has now been concluded and no liability is due.

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.

Administration surplus

After taking into account the payment of the final VAT Return and bank charges, the sum of £471,050 was received from the Joint Administrators' bank account.

Other assets

Further realisations include cash held by solicitors, sundry refunds and interest accrued on funds held in the liquidation bank account.

Investigations

We have reviewed the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

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.

Joint Administrators' remuneration

The Joint Administrators have a first charge over the Company's assets in respect of their outstanding Administrators' fees that were not paid in the administration.

During the period, we settled Joint Administrators' outstanding remuneration of £90,000.

Legal costs

The sum of £713 has been paid to Pitmans LLP for an outstanding amount owing in connection with the sale of the Company at the commencement of the administration.

Other costs

Further costs include statutory advertising and bank charges.

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

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 administration 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.

Based on current estimates, we anticipate that unsecured creditors should receive a final dividend of 5-6 pence in the pound from the funds currently held in the liquidation that are over and above the Prescribed Part.

4 Joint Liquidators' remuneration and disbursements

During the period, the creditors have provided approval 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 fees estimate and the charge-out rates set out in Appendices 6 and 2 respectively in our initial letter to creditors dated 8 December 2016.
- 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 in our initial letter to creditors dated 8 December 2016.

Time costs

From the date of our appointment to 1 December 2017, we have incurred time costs of £23,879. These represent 70 hours at an average rate of £340 per hour.

Remuneration

During the period, we have not drawn any remuneration.

Disbursements

During the period, we incurred disbursements totalling £164, which have yet to be 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 period from our appointment to 1 December 2017. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the liquidation

The following matters are still ongoing in the liquidation:

- Receipt of a first and final dividend from a debtor in CVA;
- Payment of the costs of the liquidation, including the Joint Liquidators' remuneration and expenses;
- Paying an ordinary dividend on the agreed claims of the unsecured creditors;
- VAT and tax returns, including obtaining tax clearance; and
- Statutory and compliance matters.

5.2 Future reporting

We will report again on the progress of this liquidation by 1 February 2019 or in the final report if matters have been concluded earlier.

Appendix 1 Statutory information

Company information

Company name	AAA Linen Services Limited
Date of incorporation	18 July 2001
Company registration number	04254619
Previous registered office	31-33 Sunbeam Road, Park Royal, London, NW10 6JR
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD
Trading address	31-33 Sunbeam Road, Park Royal, London, NW10 6JR
Nature of business	Laundry Services

Liquidation information

Appointed by	
Date of appointment	2 December 2016
Joint Liquidators' details	Neil Gostelow and David Standish
Joint Liquidators' address	15 Canada Square, Canary Wharf, London, E14 5GL
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.
Functions	The functions of the Joint Liquidators are being exercised by them individually or together in accordance with Section 231(2) of the Insolvency Act 1986.
EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations.

Appendix 2 Joint Liquidators' receipts and payment account

AAA Linen Services Limited - in Liquidation			
Abstract of receipts & payments			
Statement of affairs (£)		From 02/12/2016 To 01/12/2017 (£)	From 02/12/2016 To 01/12/2017 (£)
ASSET REALISATIONS			
471,070.26	Funds from Administrators	471,049.51	471,049.51
		<u>471,049.51</u>	<u>471,049.51</u>
OTHER REALISATIONS			
	Bank interest, gross	522.94	522.94
	Cash held by solicitors	1,100.00	1,100.00
	Sundry refunds	408.92	408.92
		<u>2,031.86</u>	<u>2,031.86</u>
COST OF REALISATIONS			
	Joint Administrators' remuneration	(90,000.00)	(90,000.00)
	Legal fees	(713.00)	(713.00)
	Statutory advertising	(67.00)	(67.00)
	Bank charges	(3.00)	(3.00)
		<u>(90,783.00)</u>	<u>(90,783.00)</u>
UNSECURED CREDITORS			
(6,764,895.81)	Trade & expense	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(6,293,825.55)		382,298.37	382,298.37
REPRESENTED BY			
	VAT receivable		18,156.00
	Current account		382,298.37
	Floating ch. VAT control		(18,156.00)
			<u>382,298.37</u>

Appendix 3 Schedule of expenses

Schedule of expenses (02/12/2016 to 01/12/2017)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Joint Administrators' remuneration	90,000.00	0.00	90,000.00
Joint Liquidators' remuneration	0.00	23,878.50	23,878.50
Joint Liquidators' disbursements	0.00	164.49	164.49
Legal fees	713.00	0.00	713.00
Statutory advertising	67.00	0.00	67.00
Bank charges	3.00	0.00	3.00
TOTAL	90,783.00	24,042.99	114,825.99

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 report, you must do so in writing within 21 days of receiving this 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 report, you must do so by making an application to Court within eight weeks of receiving this 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 Liquidators' charging and disbursements policy

Joint Liquidators' charging policy

The time charged to the liquidation is by reference to the time properly given by us and our staff in attending to matters arising in the liquidation. 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 liquidation 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 Liquidators' 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/liquidators-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 liquidation. Time is charged by reference to actual work carried out on the liquidation.

All staff who have worked on the liquidation, including cashiers and secretarial staff, have charged time directly to the liquidation and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the liquidation 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

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. 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 incurred the following disbursements during the period.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		3.03		NIL	3.03
External printing		43.86		NIL	43.86
Postage		111.60		NIL	111.60
HM Land Registry		6.00		NIL	6.00
Total		164.49		NIL	164.49

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 2 December 2016 to 1 December 2017.

The key areas of work have been:

Statutory and compliance	■ collating initial information to enable us to carry out our statutory duties, including creditor information and details of assets;
	■ providing initial statutory notifications of our appointment to the Registrar of Companies,

	<ul style="list-style-type: none"> creditors and other stakeholders, and advertising our appointment; ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the liquidation strategy; ■ briefing of our staff on the liquidation strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress; ■ 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 liquidation; ■ 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"> ■ setting up liquidation bank account; ■ 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"> ■ submitting relevant initial notifications to HM Revenue and Customs; ■ working initially on tax returns relating to the periods affected by the liquidation; ■ 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; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ seeking legal advice in relation to book debt collections; ■ liaising with the Supervisor of the CVA or a debtor regarding the anticipated dividend.
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our initial letters to creditors; ■ updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the liquidation and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ drafting our progress report.
Investigations/directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the liquidation; ■ reviewing the questionnaires submitted by the Directors of the Company; ■ submitting the director conduct assessment to the relevant authority.

Time costs

SIP 9 – Time costs analysis (02/12/2016 to 01/12/2017)						
	Hours					Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	

Administration & planning

Cashiering

General (Cashiering)		2.50		1.40	3.90	1,475.50	378.33
Reconciliations (& IPS accounting reviews)		0.30		1.10	1.40	412.00	294.29
General							
Books and records				0.70	0.70	206.50	295.00

SIP 9 – Time costs analysis (02/12/2016 to 01/12/2017)						
	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	
Fees and WIP		1.90	1.60		3.50	1,279.50
Statutory and compliance						
Appointment and related formalities			1.60		1.60	472.00
Bonding & Cover Schedule			0.70		0.70	182.50
Checklist & reviews		3.00	13.90		16.90	5,375.50
Strategy documents	2.20	1.20	1.70		5.10	2,386.50
Tax						
Post appointment corporation tax		2.80	2.00		4.80	1,772.00
Post appointment VAT		1.50	4.40		5.90	1,935.50
Creditors						
Creditors and claims						
Agreement of unsecured claims			0.70		0.70	206.50
General correspondence		0.40	2.50		2.90	907.50
Statutory reports	0.30	2.00	3.50		5.80	2,070.00
Employees						
Correspondence			1.90		1.90	560.50
Investigation						
Directors						
Correspondence with directors			0.80		0.80	236.00
D form drafting and submission		0.40	1.10		1.50	494.50
Directors' questionnaire / checklist		0.30	2.20		2.50	776.50
Investigations						
Correspondence re investigations			0.20		0.20	59.00
Review of pre-appt transactions			1.40		1.40	413.00
Realisation of assets						
Asset Realisation						
Cash and investments		1.60	0.90		2.50	945.50
Debtors	0.20	0.20	4.00		4.40	1,390.00
Leasehold property			0.40		0.40	86.00

SIP 9 – Time costs analysis (02/12/2016 to 01/12/2017)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Other assets			0.80		0.80	236.00	295.00
Total in period	2.70	18.10	49.50	0.00	70.30	23,878.50	339.67
<hr/>							
Brought forward time (appointment date to SIP 9 period start date)					0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)					70.30	23,878.50	
Carry forward time (appointment date to SIP 9 period end date)					70.30	23,878.50	
<hr/>							

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 Liquidation
HMRC	Her Majesty's Revenue & Customs
Joint Liquidators/we/our/us	Neil Gostelow and David Standish
KPMG	KPMG LLP
RBSIF	RBS Invoice Finance
Secured creditors	RBSIF and the Bank
VAT	Valued Added Tax

Any references in this report to Sections, Paragraphs and Rules are to Sections and Paragraphs and Rules in the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 respectively.

Appendix 6 Notice: About this report

This progress report has been prepared by Neil Gostelow and David Standish, the Joint Liquidators of AAA Linen Services Limited (the 'Company'), solely to comply with their statutory duty under the Insolvency Rules (England and Wales) 2016 to provide members and creditors with an update on the progress of the liquidation of the estate, and for no other purpose.

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

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 their own risk. 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 individual creditors.

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 appointments of the Joint Liquidators 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 liquidation.

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