

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

05522232

Name of Company

AAA Management Services Limited

~~TX~~We

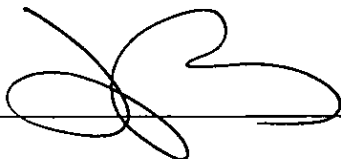
Freddy Khalastchi FCA FABRP MIPA, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT

Jonathan David Bass FCCA FABRP MIPA, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT,

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 17/12/2014 to 16/12/2015

Signed



Date

16.02.16

Menzies Business Recovery
Lynton House
7 - 12 Tavistock Square
London
WC1H 9LT

Ref A3591/FXK/JDB/S

TUESDAY



A05 16/02/2016 #122
COMPANIES HOUSE

AAA Management Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 17/12/2014 To 16/12/2015
ASSET REALISATIONS		
Uncertain	Trade Debtor-AAA Linen Svcs Ltd (Ad	NIL
Uncertain	Trade Debtor-Washing House LLP	NIL
Uncertain	Trade Debtor-Highgate Wash House L	NIL
39,511 08	Trade Debtor-AAA Linen Supplies Ltd	11,333 01
Uncertain	Staff Loans	NIL
157,106 13	HL Clients' Account	157,106 13
	Cash at Bank	NIL
		<u>168,439 14</u>
COST OF REALISATIONS		
	Specific Bond	396 00
	Preparation of S of A	10,000 00
	Liquidators Fees	44,050 00
	Employee Agent Service Fees	12,015 00
	Investigation Costs	7,400 00
	Legal Fees	1,675 00
	Statutory Advertising	222 75
	Search Fees	11 00
		<u>(75,769 75)</u>
PREFERENTIAL CREDITORS		
(157,305 34)	Employees Wage Arrears & Holiday P	NIL
		<u>NIL</u>
FLOATING CHARGE CREDITORS		
(65,535 46)	Santander UK plc	NIL
		<u>NIL</u>
UNSECURED CREDITORS		
(3,100 80)	Trade & Expense Creditors	NIL
(555,144 02)	Employees	NIL
(211,833 54)	DLA - H A Atashro	NIL
(212,590 53)	DLA - A Atashroo	NIL
(156,952 22)	HMRC - PAYE & NIC	NIL
(812,265 92)	HMRC - VAT	NIL
(29,439 18)	Emp Tribunal Claim - ex-employee	NIL
		<u>NIL</u>
DISTRIBUTIONS		
(1,000 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>(2,008,549 80)</u>		<u>92,669 39</u>
REPRESENTED BY		
	VAT Receivable	2,471 40
	Coutts (NIB)	90,197 99
		<u>92,669 39</u>

FXK/JDB/S/A3591

16 February 2016

TO ALL MEMBERS AND CREDITORS

Dear Sirs

AAA MANAGEMENT SERVICES LIMITED - IN LIQUIDATION

This is the Joint Liquidators' first annual progress report ("the report") for the year ended 16 December 2015

1. Statutory information

The company's registered name is AAA Management Services Limited and it traded as a provider of human resources

The company was incorporated on 29 July 2005 under company number 05522232

The registered office of the company was formerly 31-33 Sunbeam Road, Park Royal, London, NW10 6JR and was changed on 11 November 2015 to Lynton House, 7-12 Tavistock Square, London, WC1H 9LT for the purposes of the Liquidation

Jonathan David Bass FCCA FABRP MIPA and myself, of Menzies LLP, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT were appointed Joint Liquidators of the above-named company by Members and Creditors on 17 December 2014

There have been no changes of Liquidator in the period to which this report relates, however on 1 July 2015, Harris Lipman LLP merged with Menzies LLP to create a practice operating under the Menzies LLP name

2. Joint Liquidators' progress during the period of this report

Asset related matters

The Statement of Affairs provided by the directors detailed the company assets to be the following -

	Book Value £	Estimate To Realise £
Trade Debtors		
AAA Linen Services Limited	1,213,646 00	Uncertain
Washing House LLP	605,910 34	Uncertain
Highgate Washing House Limited	25,249 48	Uncertain
AAA Linen Supplies Limited	39,511 08	39,511 08
Staff loans	17,923 00	Uncertain
HL Clients' Account	157,106 13	157,106 13
	2,059,346.03	196,617.21

Following our appointment we have realised the money held in the Harris Lipman client account and it has been transferred into the Liquidation estate

Menzies LLP is a limited liability partnership registered in England and Wales under number OC336077 to carry out audit work and is regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. Menzies Corporate Finance Limited is regulated by the Financial Conduct Authority for the conduct of corporate finance activities and is registered in England and Wales under number 04149097. Their registered office is at 1st Floor, Midas House, 62 Goldsworth Road, Woking, Surrey GU21 6LQ. A list of the members of Menzies LLP is open to inspection at its registered office. Any reference to a partner in relation to Menzies LLP means a member of Menzies LLP. Individuals within the firm who act as insolvency practitioners are licensed in the UK by the Insolvency Practitioners Association. When acting as officeholders they do so without personal liability.

Menzies is a member of



A world-wide network of independent accounting firms and business advisers

During the year under review we have also realised an amount of £11,333.01 in regards to the intercompany debtor AAA Linen Supplies Limited. The remainder of the debt is disputed and we have therefore instructed solicitors in this matter.

AAA Linen Services Limited went into administration on 26 November 2014. We are expecting to receive a dividend from the administration; however, the time scale and quantum of this distribution is still unknown.

Both Washing House LLP and High Washing House Limited are currently in the hands of turnaround specialists. Negotiations over the repayment of these debts are still ongoing with an agreement anticipated to be arrived at within the coming year.

We have contacted one of the former employees of the company who was believed to be indebted to the company in the sum of £15,000 for a staff loan. It has since come to our attention that AAA Management Services Limited paid for this employee to complete a master's degree for the benefit of the company. This £15,000 was therefore not a loan but was rather an amount entered into the company accounts as an insurance that the employee remain at the company after completing this degree. This amount can therefore not be realised.

Investigative matters

We undertook an initial investigation into the company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation. The company's books and records have been recovered, listed and analysed, but no assets other than those listed above have been identified.

In accordance with my statutory duties, a conduct report on the director has been submitted to the Insolvency Service pursuant to the Company Directors Disqualification Act 1986.

If you are aware of any matters which you believe require our investigation, please advise me accordingly, in writing, providing as much detail as possible with regard to those matters. Any such contact will, of course, be kept confidential.

General matters

In addition to the work undertaken to result in the asset realisations referred to above, throughout the period of my administration I have responded to the queries of creditors and noted creditor claims.

As appropriate, we have liaised with the employees, the Redundancy Payments Office ("RPO") and Employment Tribunals with regard to employee matters.

Specific tasks such as the agreement of creditor claims, VAT and tax issues, cashiering, statutory returns and insurance, have been allocated to team members who have specialist knowledge in the relevant areas.

Additionally, we have complied with obligations imposed by statute and our regulatory bodies which include, but are not limited to, the submission of returns to Companies House, HM Revenue and Customs, insuring assets and specific penalty bonding.

3. Abstract of the Joint Liquidators' receipts and payments

I attach at Appendix 3 an abstract of our receipts and payments for the period of this report.

Please note that all items detailed on the receipts and payments account are shown net of VAT as the company was registered for VAT and the VAT can therefore be recovered for the benefit of the insolvent estate.

4. Assets which remain to be realised

As mentioned above in section 2, the assets remaining to be realised are the trade and intercompany debtors.

5. Joint Liquidators' remuneration

At the first meeting of creditors held on 17 December 2014 the creditors authorised the payment of a fee of £10,000 plus VAT and disbursements for assistance with the statement of affairs and convening the meeting of creditors prior to our appointment

The fee was charged on a fixed fee basis. It was paid from first realisations and is shown in the enclosed receipts and payments account

Our remuneration was fixed by reference to the time properly spent by ourselves and our staff in attending to matters arising in the Liquidation at a meeting of creditors on 17 December 2014

I attach at Appendix 1 a breakdown of the time costs between the grades of staff allocated to the case, which includes details of the current charge out rates of ourselves and our team who have been and will be dealing with the Liquidation

For creditor's information, the charge out value of time costs incurred during the period to which this report relates amounts to £45,116.67 made up of 187.35 hours at an average charge out rate of £321.25 per hour. You will note from Appendix 1 that the time has generally been incurred across all four time code classifications. Of the time incurred, it has mostly been incurred by staff members at manager and senior administrator level

During the period under review Joint Liquidator's fees totalling £44,050.00 plus VAT has been drawn from the estate

A copy of "A Creditors' Guide to Liquidator's Fees", issued by the Association of Business Recovery Professionals, which sets out the basis of fixing the Liquidator's Remuneration, is available on our website at

<http://www.menzies.co.uk/en/services/business-recovery/guide-to-fees/>

Please let me know if you do not have access to the internet and would prefer a hard-copy of this guide

6. Joint Liquidators' expenses

The payments made from the estate during the period of this progress report are largely self-explanatory

The following agents or professional advisors have been utilised in this matter

Professional Advisor	Nature of Work	Fee Arrangement
Ashfords	Solicitors	Time costs

The choice of professionals was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them. The fees charged have been reviewed and we are satisfied that they are reasonable in the circumstances of this case

Below is a table which details what disbursements have been incurred, paid and which remain outstanding in the Liquidation

Nature of Expense	Incurred in the period	Paid in the period	Remains Outstanding	Total paid from the estate in the Liquidation
	£	£	£	£
Preparation of S of A	Nil	10,000.00	Nil	10,000.00
Liquidator's time costs	45,116.67	44,050.00	1,066.67	44,050.00
Employee agents fees	12,015.00	12,015.00	Nil	12,015.00
Investigation costs	7,400.00	7,400.00	Nil	7,400.00
Legal fees	1,675.00	1,675.00	Nil	1,675.00
Statutory Advertising	222.75	222.75	Nil	222.75
Specific Penalty Bonding	396.00	396.00	Nil	396.00
Searches	11.00	11.00	Nil	11.00
Total	66,836.42	75,769.75	1,066.67	75,769.75

A statement with regard to our disbursements recovery policy is attached at Appendix 2

7. Return to creditors pursuant to Section 176A

The provisions of Section 176A of the Act require a calculation to be made of the prescribed part of the company's net property for distribution to unsecured creditors. The prescribed part must be calculated and provided for where debentures of the company have been created after 15th September 2003

In dealing with realisations under the prescribed part, we are entitled to take into account the claims of the preferential creditors and the costs and expenses associated in dealing with the prescribed part

The company's net property comprises floating charge realisations less preferential claims and the costs of dealing with the prescribed part

The prescribed part is calculated as 50% of the first £10,000 of floating charge realisations plus 20% of all other floating charge realisations, subject to a maximum prescribed part of £600,000

As there have been insufficient realisations to date to pay the preferential creditors, the provisions of Section 176A do not currently apply in this matter

8. Outcome for creditors

As per the Statement of Affairs there are substantial claims from the former employees. The employees' claims were submitted to the RPO for processing and the respective payments have been made to the employees. To date we have yet to receive the RPO's final claim.

We have received claims in respect of PAYE, NI, Corporation Tax and VAT totalling £905,577.47 to rank for dividend.

Trade and Expense creditor claims received to date total £986,613.50 against total creditors' claims shown on the company's statement of affairs of £1,981,326.21. There are, therefore, creditors of approximately £994,712.71 yet to prove their claims.

We have yet to declare a dividend to the preferential creditors in this matter as the claims of the Redundancy Payments Office and, consequently, the former employees of the company, have yet to be agreed. There are a number of discrepancies between the statutory benefits claims submitted and the actual amounts paid to the employees. We hope to resolve this matter shortly.

9. Creditors' right to information

A creditor may make a request for further information regarding our remuneration and expenses. Any such request must be in writing and should be made within 21 days of receipt of this report. Where the request is made by an unsecured creditor, it must be supported by at least 5% in value of the unsecured creditors, or with the permission of the Court.

If the information requested is either prejudicial to our conduct of this case, might lead to violence against any person, may be confidential or the costs of preparing the requested information would be excessive, we may not be obliged to provide it.

Any unsecured creditor may make an application to the Court in respect of any information provided following such a request, or our failure to provide same, after 14 days of our receipt of that request.

Additionally, creditors may make an application to Court to challenge the amount or basis of our remuneration and expenses, which must be supported by at least 10% in value of the creditors, including the applicant's claim. The application must be made within 8 weeks of receipt of this report. The costs of the application must also be paid by the creditors making the application.

Further details with regard to these provisions form part of the guidance notes relating to fees referred to previously.

10. Next report

We are required to provide a further progress report within two months of the end of the next anniversary of the Liquidation

We regret that, in the present circumstances, we are unable to provide an indication as to when we expect to conclude the administration of this liquidation. We hope to be able to give a better indication in our next report

Should you have any further queries in relation to the contents of this report, or with regard to other matters arising, please do not hesitate to contact us

Yours faithfully



Freddy Khalastchi FCA FABRP MIPA
Licensed as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association
Joint Liquidator

AAA Management Services Limited (In Creditors' Voluntary Liquidation)
Time cost analysis

APPENDIX 1

Post appointment 17/12/14 to 16/12/15

Category	Partner / Director	Senior Manager / Manager	Senior Administrator	Administrator	Cashier / Support	Hours	Charge £	Average Rate £
Administration and Planning	10 40	25 40	69 70	9 82	22 13	137 45	28,281 17	205 76
Creditors	6 30	15 30	8 50	1 20	0 00	31 30	9,797 50	313 02
Investigations	0 30	0 60	0 00	0 00	0 00	0 90	349 50	388 33
Realisation of Assets	8 80	4 60	4 30	0 00	0 00	17 70	6,688 50	377 88
Hours	25 80	45 90	82 50	11 02	22 13	187 35		321 25
Charge	13,012 50	14,690 50	14,005 00	1,198 17	2,210 50		45,116 67	

CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS

	From 1 October 2015	From 1 January 2015	From 1 January 2014
Partner	£ per hour 350-560	£ per hour 505-580	£ per hour 490-545
Manager	250-330	285	275
Senior	175-230	170-230	165
Administrator	100-170	115	110
Support Staff	54-75	54	52

APPENDIX 2

DISBURSEMENTS RECOVERY POLICY

Professional advisors have been selected on the basis that they have the appropriate experience and qualifications to effectively deal with the issues arising in a case of this nature

All disbursements are shown as net of VAT. As the company was registered for VAT purposes VAT can be recovered for the benefit of the insolvent estate

Category 1 Disbursements

Specific expenditure relating to the administration of the insolvent estate and payable to an independent third party is recoverable without creditor approval. Such expenditure is made if funds are available from the insolvent estate. If funds are not available then payment is made from this firm's office account and reimbursed from the estate should funds become available

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Typical items include legal fees, agents' fees, statutory advertising, insurance of assets, search fees, specific penalty bonding, telephone calls, postage, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case

As there have been no realisations in this matter to date, all such disbursements such as statutory advertising, insurance of assets, search fees and specific penalty bonding have been paid by Harris Lipman LLP and will be recharged through the estate as and when funds are available

Category 2 Disbursements

Expenditure incidental to the administration of the insolvent estate, which by its nature includes an element of shared or allocated cost is recoverable with creditor approval

Payments in respect of the above are defined as 'Category 2 Disbursements'. They are as follows

Storage at £40 per box per annum or part thereof plus VAT
Destruction at £3.50 per box plus VAT,
being the current rates applicable

Appendix 3
AAA Management Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 17/12/2014 To 16/12/2015	From 17/12/2014 To 16/12/2015
ASSET REALISATIONS			
Uncertain	Trade Debtor-AAA Linen Svcs Ltd (Ad	NIL	NIL
Uncertain	Trade Debtor-Washing House LLP	NIL	NIL
Uncertain	Trade Debtor-Highgate Wash House L	NIL	NIL
39,511 08	Trade Debtor-AAA Linen Supplies Ltd	11,333 01	11,333 01
Uncertain	Staff Loans	NIL	NIL
157,106 13	HL Clients' Account	157,106 13	157,106 13
	Cash at Bank	NIL	NIL
		<u>168,439 14</u>	<u>168,439 14</u>
COST OF REALISATIONS			
	Specific Bond	396 00	396 00
	Preparation of S of A	10,000 00	10,000 00
	Liquidators Fees	44,050 00	44,050 00
	Employee Agent Service Fees	12,015 00	12,015 00
	Investigation Costs	7,400 00	7,400 00
	Legal Fees	1,675 00	1,675 00
	Statutory Advertising	222 75	222 75
	Search Fees	11 00	11 00
		<u>(75,769 75)</u>	<u>(75,769 75)</u>
PREFERENTIAL CREDITORS			
(157,305 34)	Employees Wage Arrears & Holiday P	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
FLOATING CHARGE CREDITORS			
(65,535 46)	Santander UK plc	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS			
(3,100 80)	Trade & Expense Creditors	NIL	NIL
(555,144 02)	Employees	NIL	NIL
(211,833 54)	DLA - H A Atashroo	NIL	NIL
(212,590 53)	DLA - A Atashroo	NIL	NIL
(156,952 22)	HMRC - PAYE & NIC	NIL	NIL
(812,265 92)	HMRC - VAT	NIL	NIL
(29,439 18)	Emp Tribunal Claim - ex-employee	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS			
(1,000 00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(2,008,549 80)		<u><u>92,669 39</u></u>	<u><u>92,669 39</u></u>
REPRESENTED BY			
	VAT Receivable		2,471 40
	Coutts (NIB)		90,197 99
			<u><u>92,669 39</u></u>