

Liquidator's Progress**S.192****Report****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

I/ We

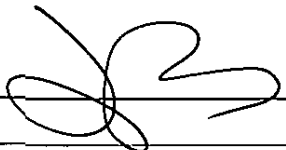
Freddy Khalastchi FCA FABRP MIPA, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT

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 17/12/2015 to 16/12/2016

Signed



Date

13.02.17

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

Ref A3591/FXK/JDB/LGC

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

Statement of Affairs		From 17/12/2015 To 16/12/2016	From 17/12/2014 To 16/12/2016
ASSET REALISATIONS			
Uncertain	Trade Debtor-AAA Linen Svcs Ltd (Ad	14,756 84	14,756 84
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	NIL	11,333 01
Uncertain	Staff Loans	NIL	NIL
157,106 13	HL Clients' Account	NIL	157,106 13
	Cash at Bank	919 18	919 18
		<u>15,676 02</u>	<u>184,115 16</u>
COST OF REALISATIONS			
	Specific Bond	396 00	792 00
	Preparation of S of A	NIL	10,000 00
	Liquidators Fees	38,050 00	82,100 00
	Employee Agent Service Fees	NIL	12,015 00
	Investigation Costs	NIL	7,400 00
	Legal Fees	1,397 50	3,072 50
	Statutory Advertising	NIL	222 75
	Search Fees	11 00	22 00
		<u>(39,854 50)</u>	<u>(115,624 25)</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>(24,178.48)</u>	<u>68,490.91</u>
REPRESENTED BY			
	Coutts (NIB)		67,911 41
	Vat Control Account		579 50
			<u>68,490.91</u>


Freddy Khalastchi FCA FABRP MIPA
Joint Liquidator

Our ref FXK/JDB/LGC/A3591

Date 13 February 2017

TO ALL MEMBERS AND CREDITORS

Dear Sirs

AAA MANAGEMENT SERVICES LIMITED - IN LIQUIDATION

This is the Joint Liquidators' second annual progress report ("the report") for the year ended 16 December 2016

This report should be read in conjunction with my previous report

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

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 £
<u>Trade Debtors</u>		
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

During the period to which this report relates, an amount of £14,756 84 has been received into the liquidation estate in respect of dividends received from AAA Linen Services Limited (in Administration) This administration is being dealt with by KPMG

In addition to the above, cash at bank of £919 18 was also realised into the liquidation estate

No other asset realisations have been achieved during the year, however, negotiations regarding the intercompany debtors are still on going

Investigative matters

Further to the initial investigations undertaken, as referred to in my previous report, the Joint Liquidator's requested the forensics department at Menzies LLP to undertake further investigations into the companies affairs

I am sure you will appreciate that I am unable to provide any specific information with regard to these investigations, as to do so may prejudice a successful outcome

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

The assets remaining to be realised are the trade and intercompany debtors, where there are ongoing discussions. I am sure you will appreciate that until the administrators of AAA Linen Services Ltd (in Administration) issue a notice of no further dividend, I will be unable to close the liquidation of the Company

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 £39,139 14 made up of 339 92 hours at an average charge out rate of £256 53 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 £38,050 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:

Name of Company	Nature of Work	Fee Arrangement
Ashfords LLP	Legal advice	Time costs
Charles Russell Speechly	Legal advice	Time costs
Far Consulting Ltd	Investigative work	Fixed fee
Insol Financial Solutions Ltd	Reviewing employee claims	Fixed fee
AUA Insolvency Risk Services	Specific penalty bonding	Fixed fee
Courts Advertising Ltd	Statutory advertising	Fixed fee

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 liquidation	Paid in the period	Remains Outstanding	Total paid from the estate in the Liquidation
	£	£	£	£
Preparation of S of A	Nil	Nil	Nil	10,000 00
Liquidator's time costs	84,255 81	38,050 00	2,155 81	82,100 00
Employee agents fees	12,015 00	Nil	Nil	12,015 00
Investigation costs	7,400 00	Nil	Nil	7,400 00
Legal fees	1,675 00	1,397 50	Nil	3,072 50
Statutory Advertising	222 75	Nil	Nil	222 75
Specific Penalty Bonding	792 00	396 00	Nil	792 00
Searches	22 00	11 00	Nil	22 00
Total	106,382.56	39,854.50	2,155.81	115,624.25

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 15 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.

The preferential creditor liability is estimated to be £157,000 and therefore exceeds funds in hand. If additional funds are received to settle preferential creditors in full the prescribed part will apply. However, at present those provisions are not relevant.

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. The RPO's claim has been received and their claim has been agreed.

It should be noted that Santander Corporate & Commercial Banking ("Santander") also have a preferential claim in the liquidation as they paid the employees their final salaries as the BACS run was not cancelled in time.

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 £3,132.00 against total creditors' claims shown on the company's statement of affairs of £3,100.80. There are still creditors yet to submit a claim.

We are now in a position to declare a dividend to the preferential creditors in this matter as the claims of the Redundancy Payments Office and Santander have now been received and agreed. The first interim preferential dividend will amount to £30,000. The preferential creditors will receive a notice of dividend stating the exact amount that they are receiving on their claim. Further distributions to the preferential creditors will be dependent on further asset realisations being achieved, as referred to in Section 4 of this report.

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.

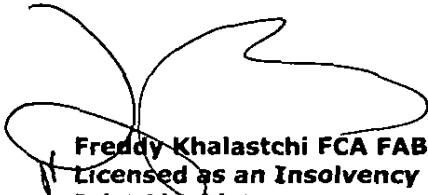
10. Next report

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

A handwritten signature in black ink, appearing to read 'Freddy Khalastchi', written over the printed name.

Freddy Khalastchi FCA FABRP MIPA

**Licensed as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association
Joint Liquidator**

Analysis of Time Costs

Period 17 December 2015 to 16 December 2016

	Partner / Director	Manager	Investigator	Senior	Administrator	Cashier / Support	Total Hours	Charge £	Average rate £
Balance b/f 16 December 2015							187 35	45 116 67	
Period 17 December 2015 to 16 December 2016									
Administration and planning	12 60	0 00	0 50	13 60	12 40	6 95	46 05	9,935 64	215 76
Creditors	29 70	0 10	0 00	15 40	7 20	0 00	52 40	15,107 50	288 31
Investigations	7 60	35 75	0 00	0 00	0 17	0 00	43 52	10,886 00	250 14
Realisation of assets	5 50	0 00	0 00	5 10	0 00	0 00	10 60	3,210 00	302 83
Hours	55 40	35 85	0 50	34 10	19 77	6 95	152 57	39,139 14	256 53
Charge (£)	21,216 00	8,255 50	142 50	5,995 50	2,355 00	1,174 64			
Total time costs							339 92	84,255 81	1,057 04

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. Solicitors have been instructed on a time costs basis, and the agents have been instructed on the basis that they receive a percentage of realisations plus disbursements.

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 Menzies 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:

- (a) Storage at £40 per box per annum or part thereof plus VAT
- (b) 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 17/12/2015 To 16/12/2016	From 17/12/2014 To 16/12/2016
	ASSET REALISATIONS		
Uncertain	Trade Debtor-AAA Linen Svcs Ltd (Ad	14,756 84	14,756 84
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	NIL	11,333 01
Uncertain	Staff Loans	NIL	NIL
157,106 13	HL Clients' Account	NIL	157,106 13
	Cash at Bank	919 18	919 18
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	COST OF REALISATIONS		
	Specific Bond	396 00	792 00
	Preparation of S of A	NIL	10,000 00
	Liquidators Fees	38,050 00	82,100 00
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	PREFERENTIAL CREDITORS		
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		<u>NIL</u>	<u>NIL</u>
	FLOATING CHARGE CREDITORS		
(65,535 46)	Santander UK plc	NIL	NIL
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	UNSECURED CREDITORS		
(3,100 80)	Trade & Expense Creditors	NIL	NIL
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(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>(24,178 48)</u>	<u>68,490 91</u>
	REPRESENTED BY		
	Coutts (NIB)		67,911 41
	Vat Control Account		579 50
			<u>68,490.91</u>