

The Insolvency Act 1986

Administrator's progress report

Name of Company Hotelserve Limited	Company number 08863973
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 3631 of 2014

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

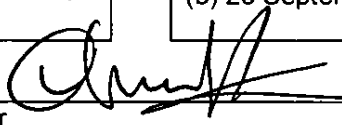
I (a)
Charles Michael Brook
Brook Business Recovery (BBR) LLP
The Media Centre
7 Northumberland Street
Huddersfield
HD1 1RL

administrator of the above company attach a progress report for the period

(b) Insert date

From (b) 19 May 2014	To (b) 26 September 2014
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Signed


 Administrator

Dated

26.09.2014

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

Charles Michael Brook
Brook Business Recovery (BBR) LLP
The Media Centre
7 Northumberland Street
Huddersfield
HD1 1RL

DX Number

0845 2699268
DX Exchange

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

Administrator's Progress Report for the
period 19 May 2014 to 26 September 2014

Hotelserve Limited
In Administration

26 September 2014

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1 Statutory Information

1 1

Court	High Court of Justice
Court Number	3631 of 2014
Company Name	Hotelserve Limited
Company Number	08863973
Registered Office	c/o Brook Business Recovery, The Media Centre, 7 Northumberland Street, Huddersfield, HD1 1RL
Administrator	Charles M Brook of Brook Business Recovery (BBR) LLP, The Media Centre, 7 Northumberland Street, Huddersfield, HD1 1RL
Date of Appointment	19 May 2014
Appointed by	Jani-King (GB) Limited in Administration
Extensions to the period of the Administration	None
EC Regulation of Insolvency	The EC Regulation on Insolvency Proceedings 2000 applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation as the Company's main place of business is located in the United Kingdom

2 Administrator's Proposals

2 1 A copy of the Administrator's proposals as circulated to creditors on 7 July 2014 are attached at Appendix A

2 2 On 3 September 2014 the Administrator circulated a revision to these proposals which is also attached at Appendix A

3 Administrators Receipts and Payments Account

3 1 A summary of the Administrator's receipts and payments for the period 19 May 2014 to 26 September 2014 is attached as Appendix B

4 Progress of the Administration During the Period

- 4 1 As previously reported on 19 May 2014 the Company's secured creditor Jani-King (GB) Limited in Administration (Jani-King) by way of its administrators appointed Charles Brook of Brook Business Recovery (BBR) LLP as Administrator of the Company
- 4 2 Since his appointment on 19 May 2014 the day to day affairs and business of the Company have been managed by the Administrator
- 4 3 Following the Administrator's appointment steps were taken to secure the assets and books and records of the Company
- 4 4 At the date of appointment of the Administrator the Company had already ceased to trade. In addition the Company's contracts with its customers had been terminated by the customers and as a consequence all employees had been dismissed

Employees

- 4 5 At the date of the Administrator's appointment it was understood that the Company's employees (of which there was circa 1,400) had been made redundant. The Company issued dismissal letters to the head office staff however the other employees who worked directly at customer premises were effectively migrated either directly to the customers or to their replacement contractors
- 4 6 In relation to the majority of the employees the migration has been effective as a transfer of employment for the purposes of TUPE Regulations. There is however a significant number of employees who do not appear to have been re-employed elsewhere or whose new employer is refusing to accept that TUPE applies
- 4 7 The Administrator has been collating information in relation to the employees in England, Northern Ireland and Eire for the purpose of verifying and processing claims with the various offices of the Redundancy Payments Service

Assets

- 4 8 The majority of the assets consisted of vacuum cleaners, linen trolleys, chemicals, janitorial supplies, laptop computers and technical pens which were located at customers premises. These were acquired from the administrators of Jani-King and were subject to a valid retention of title claim by the administrator of Jani-King. The Administrator has been liaising with the administrator of Jani-King and the customers with a view to recovering these items
- 4 9 The remaining assets comprised of office furniture and equipment located at the head office. Valuation advice was obtained from Walker Singleton, Chartered Surveyors and Commercial Valuation agents who indicated that the costs of removal of the furniture from the premises would exceed any realisations. OCS Group, the company's landlord, claimed retention of title to the office equipment and it is understood that OCS Group has recovered these directly from the premises

Book Debts

- 4 10 The only other asset was the Company's outstanding book debt ledger of approximately £1.2 million. Following his appointment the Administrator has reviewed the outstanding ledger with the director and contact has been made with all debtors requesting payment. As detailed within the Administrators proposals the majority of the customer contracts were terminated prior to the Company ceasing to trade. This was due to the Company not being in a position to pay the wages of the staff located on site at the customers' premises. As a result a number of the Company's debtors are claiming set off in respect of the wages paid by them to retain the essential services of the personnel.
- 4 11 Agreements have been received with some of the debtors and payments received to date total £40,597.46. Negotiations are proceeding with the remaining debtors who are claiming varying degrees of set-off.
- 3 11 As at the date of this report there have been no disposals by the Administrator of any of the Company's assets.
- 3 12 In accordance with Statement of Insolvency Practice No 13, I confirm that no assets have been sold or are presently in contemplation of being sold to a Director of the Company.

5 Assets still to be realised

- 5 1 As detailed above the only asset which remains to be collected is the balance of the Company's book debt ledger. It is proposed that the Joint Liquidators will continue to collect the outstanding ledger and take appropriate legal action when required in order to ensure maximum realisations from the remaining debts.

6 Outcome for Creditors

Secured Creditors

- 6 1 On 13 March 2014 a debenture was granted to Jani-King providing them with a fixed and floating charge over the assets of the Company. At the date of the Administrators appointment Jani-King was owed £75,000.
- 6 2 No payments have been made to Jani-King under the terms of its debenture.

Preferential Creditors

- 6 3 It is not known at this stage the level of employee claims in respect of arrears of wages and unpaid holiday pay. The claims are ongoing and are continuing to be dealt with by the relevant offices of the Redundancy Payments Service.

Unsecured Creditors

- 6 4 The Administrator has received claims totalling £312,069.69 from 8 creditors. The Administrator has yet to receive claims from 6 creditors.
- 6 5 The Company granted a floating charge to Jani-King on 13 March 2014. Accordingly the Administrator is required to create a fund ('the Prescribed Part') out of the Company's net floating charge property to pay a dividend to unsecured creditors. Based on current

information the estimated net property amounts £192,124, before allowing for the costs of the Administration

7 Investigations

7 1 In accordance with the Company Directors Disqualification Act 1986 a report on the conduct of the Directors of the Company has been submitted to the Department for Business Innovation & Skills (BIS) As this is a confidential report, the contents may not be disclosed

7 2 Shortly after appointment, the Administrator made an initial assessment as to whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to the Administrator's request to complete an investigation questionnaire These investigations have not revealed any issues requiring further report

8 Pre-administration costs

8 1 No costs have been incurred by the Administrator or his agents prior to the date of the Administrator's appointment

9 Administrator's Remuneration

9 1 As detailed in the Administrator's proposals dated 7 July 2014 it was proposed that the Administrator be remunerated by reference to time properly spent by the Administrator and his staff in attending to matters arising in the Administration The basis of the Administrator's remuneration was agreed by creditors on 23 July 2014

9 2 The Administrator's time costs were charged (excluding VAT) as follows

Period	Incurred £	Paid £
19 May 2014 to 26 September 2014	30,935 00	20,000 00
	<u>30,935.00</u>	<u>20,000.00</u>

9 3 Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade

9 4 A copy of 'A Creditors Guide to Administrators Fees' is available on request or can be downloaded from www.r3.org.uk

9 5 Attached as Appendix D is additional information in relation to the Administrator's firm's policy on staffing, the use of sub-contractors, disbursements and details of current charge-out rates by staff grade

10 Administrator's Expenses

- 10 1 The following Category 1 expenses have been incurred since the appointment of the Administrator

Supplier	Nature of Expense	Amount incurred to date £	Paid to Date £	Amount Outstanding £
Willis	Bordereau	316 60	316 60	0
Courts Advertising Limited	Advertising	253 80	253 80	0
Travel and subsistence	Trains fares and tube fares	480 28	480 28	0
Credit Gateway	Creditor circular	10 00	10 00	0
Willis	Asset Insurance	254 40	254 40	0
		<u>1,315.08</u>	<u>1,315.08</u>	<u>0</u>

- 10 2 No Category 2 expenses have been incurred to date

11 Extension to the period of the Administration

- 11 1 There has been no extension to the period of the Administration

12 Exit to the Administration

- 12 1 The Company will exit Administration by way of a Move to Creditors Voluntary Liquidation As such the Administrator filed Form 2 34B with the Registrar of Companies which was registered on 26 September 2014

- 12 2 As a result on 26 September 2014 Charles Brook of Brook Business Recovery (BBR) LLP and Simon Thomas of Moorfields Corporate Recovery Limited became Joint Liquidators of the Company Charles Brook ceased to act as Administrator on the same date

13 Creditors' Rights

- 13 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report

- 13 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive


Charles Brook
Administrator

Administrator's Proposals (extracted) as circulated on 7 July 2014

- The Administrator will remain in office in order to fully ascertain the level of preferential and ordinary unsecured creditor's claims and to carry out the collection of the book debt ledger of the Company with the objective of achieving the purpose of the Administration
- In the event that the Administration cannot be completed within a period of 12 months, the Administrator may elect to extend the Administration for a further period of 6 months without first consulting creditors or making application to the Court. Thereafter, if a further extension of the Administration is required, the Administrator shall make application to the Court
- If having realised the assets of the Company, the Administrator thinks that a distribution will be made to the unsecured creditors, he proposes filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrator to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Administrator will become the Liquidator of the CVL
- If the Administrator thinks that the Company has no property that might permit a distribution to its ordinary creditors, he will file a notice with the Court and the Registrar of Companies for the dissolution of the Company
- The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration
- The Administrator will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect
- The Administrator be remunerated by reference to the time properly spent by the Administrator and his staff in attending to matters arising in the Administration. The Administrator is authorised to draw remuneration as and when funds are available
- The Administrator be authorised to draw Category 2 disbursements in accordance with his firms published tariff

Administrator's Revised Proposals (extracted) as circulated on 3 September 2014

- The Company moves from Administration to CVL at the earliest practicable date upon the filing with the Registrar of Companies a notice pursuant to paragraph 83 of Schedule B1 of the Act. It is proposed that the Joint Liquidators will be Charles Brook of Brook Business Recovery (BBR) LLP and Simon Thomas of Moorfields Corporate Recovery Limited. The Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation

Appendix B

**Receipts and Payments Account for the period from 19 May 2014 to 26
September 2014**

Hotelserve Limited
(In Administration)
Administrator's Abstract of Receipts & Payments
To 26/09/2014

S of A £		£	£
	SECURED CREDITORS		
(75,000 00)	Jani King (GB) Ltd Administration	NIL	NIL
	ASSET REALISATIONS		
1,500 00	IT equipment	NIL	
215,000 00	Book Debts	40,597 46	
14 40	Cash at Bank	14 40	
	Bank Interest Net of Tax	8 16	40,620 02
	COST OF REALISATIONS		
	Specific Bond	316 80	
	Office Holders Fees	20,000 00	
	Travel and Subsistence	480 28	
	Legal Fees (1)	1,500 00	
	Creditor Gateway	10 00	
	Statutory Advertising	253 80	
	Insurance of Assets	254 40	
	Bank Charges	1 40	(22,816 68)
	PREFERENTIAL CREDITORS		
(24,390 00)	Employee Arrears/Hol Pay	NIL	NIL
	UNSECURED CREDITORS		
(80,426 75)	Trade & Expense Creditors	NIL	
(20,061 00)	Employee wages	NIL	
(35,371 00)	Employee notice and redundancy pay (NIL	
(140,000 00)	Directors	NIL	
(268,724 00)	HM Revenue & Customs (VAT)	NIL	NIL
	DISTRIBUTIONS		
(1 00)	Ordinary Shareholders	NIL	NIL
(427,459.35)			17,803 34
	REPRESENTED BY		
	Vat Receivable		2,279 90
	Bank 1 Current		13,291 16
	Vat Control Account		2,232 28
			17,803 34

Charles Michael Brook
Administrator

Time Entry - Cumulative Detailed SIP9 Time & Cost Summary

2009 - Hotelserve Limited
From 19/05/2014 To 26/09/2014
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£) Average Hourly Rate (£)	Hours Cum (POST Only)	Time Costs Cum (POST Only)
700 Formalities	2 30	14 50	3 80	0 00	20 60	199 17	20 60	4 103 00
701 Strategy (incl Sales)	1 20	1 20	0 00	0 00	2 40	250 00	2 40	600 00
702 Cashiering	0 50	0 50	0 00	2 00	2 50	300 00	2 50	300 00
703 File Reviews	0 20	1 60	0 80	0 00	2 60	187 69	2 60	488 00
705 Taxation & VAT	0 00	0 50	0 00	0 00	0 50	200 00	0 50	100 00
802 Directors communication	2 70	0 30	0 00	0 00	3 00	290 00	3 00	870 00
Admin & Planning	6 40	18 60	4 60	2 00	31 60	204 46	31 60	6 461 00
800 Case Specific	20 90	1 20	2 50	0 00	24 60	6 847 50	24 60	6 847 50
Case Specific Matters	20 90	1 20	2 50	0 00	24 60	6 847 50	24 60	6 847 50
501 Unsecured Creditors	1 60	0 80	2 30	0 00	4 70	950 50	4 70	950 50
502 Employee Matters	2 30	3 70	13 90	0 00	19 90	3 306 50	19 90	3 306 50
504 Statutory Reporting to Creditors	3 50	7 20	0 00	0 00	10 70	2 490 00	10 70	2 490 00
505 Report / Secured Creditor	1 50	7 00	0 00	0 00	8 50	1 850 00	8 50	1 850 00
Creditors	8 90	18 70	16 20	0 00	43 80	6 597 00	43 80	8 597 00
201 CDDA Reports	1 00	0 90	0 00	0 00	1 90	480 00	1 90	480 00
Investigations	1 00	0 90	0 00	0 00	1 90	480 00	1 90	480 00
301 ROT	3 80	2 00	0 00	0 00	5 80	265 52	5 80	1 540 00
302 Property	0 00	1 00	0 00	0 00	1 30	223 08	1 30	290 00
303 Book Debts	3 70	8 10	4 10	0 00	15 90	3 283 50	15 90	3 283 50
304 Plant & Machinery / Motor Vehicles	6 50	2 20	0 30	0 00	9 00	2 430 50	9 00	2 430 50
Realisation of Assets	14 30	13 30	4 40	0 00	32 00	235 75	32 00	7 544 00
403 Ongoing Employee Issues	0 00	0 10	7 30	0 00	7 40	1 005 50	7 40	1 005 50
Trading	0 00	0 10	7 30	0 00	7 40	1 005 50	7 40	1 005 50
Total Hours	51 50	52 80	35 00	2 00	141 30	30 935 00	141 30	30 935 00
Total Fees Claimed						0 00		

Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9

For a copy of the guide, A Creditor's Guide to Insolvency Practitioners' Fees you may log on to the website of the Association of Business Recovery Professionals ("R3") at www.r3.org.uk

1 Policy

Detailed below is this firm's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1.1 Staff Allocation and the use of Sub-contractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge out rate schedule below provides details of all grades of staff and their experience level

We have not utilised the services of any sub-contractors in this case

1.2 Professional Advisors

The following professional advisors have been used in this matter

Name of Professional Advisor	Advice	Fee Arrangement
Walker Singleton	Valuation	Fixed Fee
Chadwick Lawrence	Legal Advice	Time costs
Willis	Asset insurance	Fixed premium

Our 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

13 Disbursements

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance¹ requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

Best practice guidance classifies expenses into two broad categories

- *Category 1 expenses (approval not required)* – specific expenditure
 - that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges, with the exception of any items referred to below, all such items are re-charged to the case as they are incurred
 - *Category 2 expenses (approval required)* – all other items of expenditure
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost, and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost
- (A) The following items of expenditure are re-charged as described
- Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £50 per meeting provided that at least 1 creditor attends,
 - Car mileage is re-charged at the rate of 40 pence per mile,
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,
- (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge
- Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

2 Charge-out Rates

A schedule of charge-out rates for this assignment effective from 1 July 2014 is detailed below

Grade of Staff	Charge-out rate £ per hour
Partner / Appointment Taker	300
Manager	200
Administrator	135
Cashier	100

3 Quality of service and complaints procedure

We pride ourselves on providing a high quality service at all times. However, if at any time you would like to discuss with us how our service could be improved, or if you are dissatisfied in any way with the service, please contact our principal, Charles Brook directly. We undertake to look into any complaint carefully and promptly and to do all that we can to resolve the issue. If you feel that our service is less than satisfactory, we undertake to do everything reasonable to address your concerns.

If you are still not satisfied, or if you would simply prefer to do so in the first instance, you may of course take the matter up with The Insolvency Service which is the division of The Department for Business Innovation and Skills (BIS) with overall responsibility for the maintenance of standards in our industry. For this purpose you are invited to use The Insolvency Service Complaints Gateway.

The contact details for the Gateway are

Email: ip.complaints@insolvency.gsi.gov.uk

Tel: 0845 602 9848 – calls are charged at between 1p and 10.5p per minute from a land line, for mobiles, between 12p and 41p per minute if you are calling from the UK.

By Post: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA

Further information on the Gateway can be found at

<http://bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway>