

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company Building Trade Skills Centres Ltd	Company number 5095232
In the High Court, Chancery Division (full name of court)	Court case number 1653 of 2010

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

I (a)
Mark S Goldstein
Mark Goldstein Associates
Kingswood Court
1 Hemlock Close
Kingswood
Surrey, KT20 6QW

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From (b) From 10th March 2010	To (b) To 9th September 2010
----------------------------------	---------------------------------

Signed

Administrator

Dated

4 OCTOBER 2010

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

Mark S Goldstein
Mark Goldstein Associates
Kingswood Court
1 Hemlock Close
Kingswood
Surrey, KT20 6QW

DX Number

01737 830763
DX Exchange

Com

WEDNESDAY



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A35 06/10/2010 70
COMPANIES HOUSE

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

To all known creditors

4th October 2010

Dear Sir(s),

Building Trade Skills Centres Ltd — in Administration (“the Company”)

Company No: 05095232

Reg Office: Unit 7 Barwell Industrial Park, Leatherhead Road, Chessington KT9 2NY

In the High Court of Justice, Chancery Division, Companies Court No 1653 of 2010

In accordance with Rule 2 47 of the Insolvency Rules 1986, I am writing to provide you with a progress report for the period 10th March 2010 (the date of my appointment) until 9th September 2010

1. Background

1 1 In my previous reports of 11th and 25th March 2010, I provided creditors with details

- ❖ Leading up to my appointment
- ❖ Of the Court where the proceedings are,
- ❖ The Company’s statutory and general information,
- ❖ My detailed Proposals (my report of 25th March 2010 refers), which included an estimated summary of the assets and liabilities,

since which time there have been no amendments or deviation to the ultimate projected outcome of the Administration. If you require copies of any of this information again, please do let me know

1 2 Under my Proposals circulated on 25th March 2010 and approved at the statutory meeting of creditors held on 15th April 2010, I was to continue to manage the Company in order to achieve a better result for creditors as a whole than if the Company was wound up (without first being in Administration). As I explain below, I have concluded that the regulatory and prime objectives of the Administration have been achieved and therefore the Company should now move into Creditors’ Voluntary Liquidation. As I explained in my Proposals circulated on 25th March 2010, I shall automatically become Liquidator

2. Progress since last report

- 2 1 As I explained in Section 5 of my Proposals, immediately following my appointment the business and assets of the Company were sold to two companies: Building Trade Skills Centres UK Ltd acquired the Chessington training centre, and Building Trade Skills Centres Europe Ltd acquired the Manchester training centre. The reason for the pre-packaged sale agreement was that I had assessed that it was not possible to obtain adequate funding to trade the business during Administration while offering it for sale on the open market. The very nature of the business meant that a commercial sale had to be executed very quickly and there was a significant number of trainees who had prepaid for their training courses in full. The sale agreements that I entered into ensured that the business continued to trade without interruption, the students who had paid in advance would not become creditors (it was anticipated that claims for refunds for the pre-paid fees could exceed £2.29m), retentions held by Barclays would be recouped, arrears of rent for the two centres would become a cost of the purchasers and not a cost of the Company in Administration, the rent deposit for one of the three leasehold units at Chessington was to be repaid to the Company upon a successful assignment of the lease.

Rent deposit

- 2 2 The rent deposit for Unit 6 Barwell Business Park stood at £85,894 at the date of my appointment. As I have already recorded, there were also rent arrears for the December 2009 Quarter and another Quarter's rent would have been due and payable shortly after my appointment on 25th March 2010.
- 2 3 Prior to my appointment the Director of the Company, Mr Richard Hunt, was in the course of negotiating new terms with the landlords for the Chessington and Manchester centres. Completion of the assignments following my appointment was therefore delayed whilst he concluded these negotiations — negotiations that I stress did not involve me or the Company in Administration. The delays I experienced in completing these assignments were purely because of the time it took for Mr Hunt to conclude the revised negotiated terms for Building Trade Skills Centres UK Ltd and Building Trade Skills Centres Europe Ltd.
- 2 4 During July 2010, the agents acting for Building Trade Skills Centres UK Ltd negotiated a revision with the landlord that incorporated the landlord retaining the rent deposit. However, I refused to agree to this because under the terms of the sale agreement executed on my appointment the rent deposit was due to be recovered for the benefit of the Company's creditors. I was informed that Building Trade Skills Centres UK Ltd could not afford to repay me the rent deposit in full.
- 2 5 After lengthy negotiations, I recommended to your Committee, and they agreed, that Building Trade Skills Centres UK Ltd would make stage payments to me to repay the rent deposit in full by no later than 30th December 2012. The repayments will comprise ad hoc payments based on an ability to pay that is to be supported by management accounts each month showing the financial position of Building Trade Skills Centres UK Ltd. By September 2012, the position is to be reviewed to see what balance may still be required by December 2012. It is agreed that if necessary Building Trade Skills Centres UK Ltd will arrange a commercial loan facility to pay the Company the residual balance by the due date.
- 2 6 The Creditors' Committee accepted this compromise for deferred terms because it ensured that the sale agreement could be finally completed, the two new entities — Building Trade Skills Centres UK Ltd and Building Trade Skills Centres Europe Ltd — could then

continue to trade the two centres, thereby protecting the Barclays retention moneys - a prime aim of the pre-packaged sale agreement

- 2.7 The formalities to complete the assignment for the Manchester centre were concluded during August 2010 and for Chessington only earlier this month. Building Trade Skills Centres UK Ltd made an initial payment of £8,000 immediately upon striking the agreement

Barclays Partner Finance retention ("Barclays Bank")

- 2.8 As I explained to you in Section 5 of my Proposals, a fundamental reason for the pre-packaged sale of the business was to try to preserve the retention fund of £326,288. This was achieved by selling on the two training centres as going concerns so that the training courses prepaid by students utilising the Barclays Bank funding facility would be fulfilled without further cost.
- 2.9 I established that in early December 2009, Barclays Bank terminated the Retail Master Agreement for the funding of the student loans. I could not find any of the key contractual documentation amongst the Company records and there was a considerable delay in obtaining the requisite information I needed from Barclays Bank itself. This, by necessity, included the terms for withholding the funds. I sourced and provided Barclays Bank with detailed information for them to assess their potential exposure, and yet the bank was unresponsive to my enquiries. It was only in the latter part of July that I obtained the final parts of the information I required. This led me and my solicitor to conclude that the bank was obliged to release the retentions after a period of six months from termination. Since the bank terminated the agreement with effect from January 2010 — prior to the Administration — I calculated that these retentions became due and payable at the beginning of August 2010. The bank did not, however, repay the retentions and at no stage did it give me reason for withholding payment other than the perceived potential impact of Administration. The bank did not inform me of any claims from former or current trainees and, thus, it was only after I threatened the bank with legal proceedings that on 3rd September 2010 I received a payment in full.

3. Remaining realisations

- 3.1 It was agreed at the first meeting with your Committee that, apart from the foregoing objectives, I should also pursue the recovery of a dividend of £2m paid to a former shareholder and director, Mr A Jackson, while at the same time
- ❖ Investigating why the Company became insolvent so suddenly, and
 - ❖ Based on those findings, consider what action — if any — the Company could take against its former officers and the timing of that action

Recovery of the dividend of £2m

- 3.2 At Appendix 2 of my Proposals, I set out a summary of the Company's trading accounts from which it will be seen that in the accounts for the financial year ended 30th April 2009, a dividend of £2m was paid.
- 3.3 I carefully reviewed the published accounts, corresponded with the Company's accountants, and also evaluated the breakdown of the tangible fixed assets. I concluded that while the accounts reflect an overall accumulated trading profit (as will be seen from Appendix 2 to my Proposals), at the time the dividend was declared and subsequently paid, the Company did not have the liquidity to afford the payment. With the assistance of solicitors, I made formal demand in June 2010 for the repayment of the dividend. Mr

Jackson has denied liability, since which time I have assisted my solicitors in robustly rebutting Mr Jackson's purported defence. I have and will continue to keep your Committee closely informed of the progress. I shall base any decision on the need for enforcement proceedings on the advice of Counsel.

- 3.4 A successful realisation from this source will ensure there will be a potentially substantial dividend for creditors.

Uncalled share capital

- 3.5 I have verified that as a term of the contract to acquire the Company, its share capital was increased by an additional sum of £200,000. Two hundred thousand ordinary shares of £1 each were issued and all allotted to Richard Hunt Investments Ltd on 22nd December 2009, but according to the Company's records, only 1p per share premium was paid, leaving 99p per share remaining unpaid. Thus, Richard Hunt Investments Ltd is still liable to pay £198,000 to fulfil its obligation.
- 3.6 I have recently made demand upon Richard Hunt Investments Ltd for this figure, but at the time of writing I have not had a response. As a consequence, I cannot forecast the prospects of a recovery just yet, but I will keep your Committee informed.

4. Investigation into the Company's affairs pre-Administration

- 4.1 In addition to ascertaining the full extent of the Company's assets (as touched on above), your Committee asked me to investigate why such an apparently profitable company proceeded into insolvency so suddenly. As you will see from the Summary of Receipts & Payments, there was only a nominal sum left in the bank account at the date of my appointment. In his History of the Business at Appendix 1A to the Proposals circulated on 25th March 2010, Mr Hunt summarised that the expenditure undertaken at both sites in Manchester and Chessington of approximately £1m had to be spent on the premises to facilitate training courses that the Company had contracted to undertake before this acquisition but, allegedly, without having the ability to fulfil.
- 4.2 I have also undertaken enquiries into the terms and effects of the conveyance between the owners of the Company before the acquisition made by Mr Hunt. I have carried out a considerable amount of work in this regard and my findings and conclusions have been presented to your Committee. It has been agreed with the Committee that it would not be appropriate or ultimately beneficial to declare to you in this report the extent of my investigations and conclusions due to the commercially sensitive nature of my work.

5. Administrator's Receipts & Payments

- 5.1 A Summary of Receipts & Payments for the Administration period from 10th March 2010 (the date of my appointment) to 9th September 2010 is attached as APPENDIX 1, which I hope you will find self-explanatory, particularly when read in conjunction with this report.

6. Creditors' claims

- 6.1 At Appendix 5 to my Proposals circulated on 25th March 2010, I provided you with a list of creditors' claims totalling £2,279,952.57. This was a combination of estimated preferential claims for employees' arrears of pay and accrued holiday pay totalling £28,199, and ordinary unsecured non-preferential claims of an additional £2,251,754. This was on the assumption that the potential claim for refunds of training course fees paid in advance would not rank because of the successful sale of the business. Thus, providing the rent

deposit and retention moneys were realised in full, a potential dividend of approximately 14p in the pound, subject to costs of realisation and Administration, was anticipated to be a possibility.

- 6 2 I have not yet adjudicated upon the claims of creditors. This task will be undertaken in my capacity as Liquidator in due course. I have not yet received claims from HM Revenue & Customs for the VAT, PAYE or Corporation Tax. Employee claims have yet to be finalised since certain employees have made applications to Employment Tribunals, not all of which have yet been heard. From my work so far, however, I have been put on notice of more claims for refunds arising prior to 29th December 2009 than had been provided for and as a consequence, I anticipate that the final level of claims is going to be higher than anticipated. I emphasise, however, that I am not yet in a position to conclude this exercise.

7. Estimated outcome

- 7 1 For the reasons I have explained above, a reasonably accurate final estimated outcome cannot yet be ascertained. Not only have I yet to adjudicate upon the full extent of the claims of all creditors, but I have yet to complete realisations.
- 7 2 At APPENDIX 2, I have presented a projected estimated outcome based on current information. This statement provides the anticipated likely position as it currently stands and also if certain further realisations can be made. This should assist creditors to appreciate the significance of making the additional realisations notwithstanding the fact that it could prove to be time-consuming and potentially costly. I will work closely with your Committee in this regard, but you will also be informed of material developments.

8. Possible exit routes from Administration

- 8 1 As I explained in para 11 of my Proposals, I recommended that once I had effected the sale of the business and made the realisations arising therefrom, it would be appropriate that the Company should move automatically into Creditors' Voluntary Liquidation. As I say at para 12 above, I conclude that it is appropriate that the Company should now move automatically into Creditors' Voluntary Liquidation. This is achieved by filing a Notice pursuant to paras 83(1) and (3) of Sch.B1 to the Insolvency Act with the Registrar of Companies and with the Court. A copy of the Notice that I filed today is attached as APPENDIX 3.

9. Regulatory

- 9 1 As set out in my Proposals at para 10, I requested that my remuneration was fixed by reference to the time my staff and I spend attending to matters in the Administration. If any creditor requires an additional copy of my Proposal dealing with this, please let me know. As a Creditors' Committee has been appointed, approval of my remuneration is their responsibility.
- 9 2 A summary of my time costs incurred to 31st August 2010 (the most convenient nearest date to the preparation of this report) and a summary of Category 1 and Category 2 disbursements are set out at APPENDIX 4. I provided this summary to your Committee in a report dated 13th September and the Committee of Creditors has approved of these costs. The principal activities undertaken by me as Administrator to date have comprised
- ❖ Administration and planning,
 - ❖ Regulatory matters,
 - ❖ Dealing with the preparation and execution of the sale and purchase agreements,

4th October 2010

- ❖ Concluding the delayed assignments of the leases and negotiating the compromise agreement for the recovery of the rent deposit,
- ❖ Sourcing and providing Barclays Bank with detailed information on the trainees and their courses,
- ❖ Obtaining information from Barclays Bank and then obtaining the recovery of funds from Barclays Bank,
- ❖ Investigation of the Company's affairs in detail, to include ascertaining the extent of the Company's assets immediately realisable and those that should be pursued, detailed communications with former solicitors and accountants, analysis of statutory accounts,
- ❖ Review of the Company's affairs to ascertain the extent of the Company's liabilities;
- ❖ Dealing with employee claims and issues arising therefrom, including Employment Tribunal claims and correspondence,
- ❖ Dealing with creditors dealing with general and specific creditor calls and correspondence, particularly most recently from trainees,
- ❖ Reports to Committee (including oral reports to individual members from time to time) and reports to creditors, including Proposals circulated on 25th March 2010 and attending the meeting of creditors

9 3 I trust the foregoing summary and the attached appendices are sufficient for you to appreciate the extent of the work undertaken, but if you should require additional details, do let me know

10. Next report

10 1 It is a statutory requirement to provide a further progress report within one month of the end of the anniversary of the Liquidation. It is my continued wish and intention to maintain regular communications and report to your Committee. Nevertheless, should creditors need any information before my next report, please contact me

Yours faithfully,
for and on behalf of Building Trade Skills Centres Ltd — in Administration



MARK S GOLDSTEIN
Administrator

Encs

**Building Trade Skills Centres Ltd
(In Administration)**

**Administrator's Abstract Of Receipts And Payments
To 09 September 2010**

RECEIPTS	Total (£)
Retentions	326,288 00
Rent Deposit	8,000 00
Cash at Bank	40 07
Franking Machine Refund	444 78
Bank Interest Net of Tax	0 03
Office Holders Expenses	1,026 36
	<hr/>
	335,799 24
	<hr/>
PAYMENTS	
Office Holders Fees	11,288 03
Office Holders Expenses	3,340 10
Legal Fees re Sale Agreement	3,560 00
Legal Fees re Assignment of Leases	2,000 00
VAT Receivable	3,353 30
	<hr/>
	23,541 43
Balances in Hand	312,257 81
	<hr/>
	335,799 24
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06/10/2010
COMPANIES HOUSE

68

BUILDING TRADE SKILLS CENTRES LTD
An estimated outcome statement as at 9th September 2010

<i>SCENARIO</i>	<i>1</i>	<i>2</i>	<i>3</i>
£	£	£	£
Balance held per summary of receipts and payments to 9th September 2010	312,258		
LESS allowance for costs of administration			
Administrator's fee & disbursements	29,434		
Administrator to completion, SAY	8,000		
Agent's fee	4,450		
Legal fees	6,125		
	48,009		
Balance available	264,249	264,249	264,249
POTENTIAL FURTHER REALISATIONS			
Rent deposit	77,894	77,894	77,894
Share capital	198,000	0	198,000
Recovery of dividend	2,000,000	0	2,000,000
	2,275,894		
	77,894	275,894	2,275,894
Potential total realisations SCENARIO 1	342,143		
Potential total realisations SCENARIO 2		540,143	
Potential total realisations SCENARIO 3			2,540,143
PROJECTED COSTS OF WINDING UP			
Liquidator	35,000	45,000	90,000
Legal fees	12,000	62,000	62,000
	47,000	107,000	152,000
Potential distributable sum SCENARIO 1	295,143		
Potential distributable sum SCENARIO 2		433,143	
Potential distributable sum SCENARIO 3			2,388,143

BUILDING TRADE SKILLS CENTRES LTD
An estimated outcome statement as at 9th September 2010

<i>SCENARIO</i>	<i>1</i>	<i>2</i>	<i>3</i>
	£	£	£
Potential distributable sum b/fwd	295,143	433,143	2,388,143
ESTIMATED LIABILITIES			
PREFERENTIAL CLAIMS			
Claims for salary & holiday pay	7,148		
Redundancy Payments Office	21,050		
	28,199		
	28,199	28,199	28,199
Estimated surplus SCENARIO 1	266,945		
Estimated surplus SCENARIO 2		404,945	
Estimated surplus SCENARIO 3			2,359,945
UNSECURED NON PREFERENTIAL CLAIMS			
Trade & Expense Creditors	890,082		
Refunds pre 29th December 2009	313,433		
Refunds post 29th December 2010	0		
HM Revenue & Customs - VAT	340,680		
HM Revenue & Customs - PAYE & NIC	325,964		
HM Revenue & Customs - Corp'n Tax	326,969		
Redundancy Payments Office	41,671		
Employees	12,954		
TOTAL ESTIMATED CLAIMS	2,251,753		
	2,251,753	2,251,753	2,251,753
Estimated deficiency SCENARIO 1	-1,984,808		
<i>Giving a potential dividend of</i>	11.85%		
Estimated deficiency SCENARIO 2		-1 846 808	
<i>Giving a potential dividend of</i>		17.98%	
Estimated surplus SCENARIO 3			108,192
<i>Giving a potential dividend of</i>			104.80%

NOTE: Creditors' claims have not yet been agreed -
on present information the total is likely to rise

Rule 2.117A

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

2.34B

Name of Company
Building Trade Skills Centres Ltd

Company number
5095232

In the High Court, Chancery Division (full name of court)

Court case number 1653 of 2010

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

I (a) Mark S Goldstein
Mark Goldstein Associates
Kingswood Court
1 Hemlock Close
Kingswood
Surrey, KT20 6QW

(b) Insert name and
address of the
registered office of
company

having been appointed administrator(s) of (b) Building Trade Skills Centres Ltd
Unit 7, Barwell Industrial Park, Leatherhead Road, Chessington, Surrey

(c) Insert date of
appointment

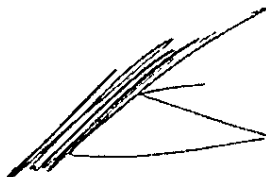
on (c) 10 March, 2010
by (d) High Court, Chancery Division
hereby give notice that

(d) Insert name of
applicant/
appointer

(e) Insert name(s)
and address(es) of
liquidator(s)

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is
proposed that (e) Mark Stephen Goldstein, Kingswood Court, 1 Hemlock Close, Kingswood,
Surrey, KT20 6QW
will be the liquidator(s) of the company (IP No 6880)

Signed




A35

06/10/2010
COMPANIES HOUSE

Dated

Administrator
4th October 2010

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

Mark S Goldstein
Mark Goldstein Associates
Kingswood Court
1 Hemlock Close
Kingswood
Surrey, KT20 6QW

DX Number

01737 830763
DX Exchange

Building Trade Skills Centres Limited — In Administration

In accordance with best practice I provide below details of policies of Mark Goldstein Associates in respect of fees and expenses for work in relation to the above insolvency for the period from 10th March 2010 to 9th September 2010, being the latest practical date before the preparation of this report

The current charge-out rates per hour of staff within my firm who may be involved in working on the insolvency, follows

GRADE	£
Officeholder	210
Senior Administrator	180
Junior Administrator	125

The rates charged by Mark Goldstein Associates, Kingswood Court, 1 Hemlock Close, Kingswood, Surrey KT20 6QW, are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time Units of time can be as small as 6 minutes under the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate (17.5% as at January 2010)

Where remuneration has been approved on a time costs basis, a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged Such expenses can be divided into two categories

Category 1

This heading covers expenses where Mark Goldstein Associates has met a specific cost in respect of the insolvent estate where payment has been made to a third party Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs, etc In each case the recharge will be reimbursement of a specific expense incurred

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised, which is the amount the firm pays to staff All other forms of travel are recovered at cost

Where applicable, disbursements will be subject to VAT at the prevailing rate (17.5% as at January 2010)

Category 2

Additionally, there is a recharge of expenses for postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of creditors before they can be drawn, and these are known as category 2 disbursements. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

Classification of work function	Office Holder	Snr Support Staff	Jnr Support Staff	Total Hours	Time Cost £
Statutory & regulatory	2 80	2 00	0 00	4 80	838 00
Planning & administration	6 50	9 75	0 00	16 25	2,583 75
Creditor communications	3 30	5 05	0 00	8 35	1,324 25
Creditors meeting	8 00	0 00	0 00	8 00	1,680 00
Creditors Committee	6 70	0 00	0 00	6 70	1,407 00
Investigations	43 80	0 00	0 00	43 80	9,198 00
Retention of title matters	0 80	0 00	0 00	0 80	168 00
Dealing with sale of business	41 83	0 00	0 00	41 83	8,784 30
Dealing with employee matters	4 90	7 54	0 00	0 00	1,971 50
General correspondence & reports	41 10	6 00	7 10	54 20	9,949 00
Total	159.73	30.34	7.10	184.73	£37,903.80

Category 1 disbursements analysis

Disbursement	
Printing circulars	£565 97
Travel	£504 00
Specific Bond	£1,200 00
Room hire	£228 39
Legal advertising	£192 48
Postage circulars	£116 89
Company search fees	£10 00
Total	£2,817.73

Category 2 disbursements analysis

Disbursement	
Telephone & fax	
General post, copy & stationery	
Total	£0.00

The average hourly charge out rates, excluding VAT, were:

Office holder: £210
 Senior support staff: £180
 Junior support staff: £125