

The Insolvency Act 1986

**Administrator's progress report**

Name of Company
C Realisations 2011 Limited (Formerly CILT, The National Centre for Languages)

Company number
5375352

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

Court case number
0516 of 2011

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

I/We (a)  
Jason Daniel Baker  
FRP Advisory LLP  
10 Furnival Street  
London  
EC4A 1YH

Jonathan Mark Birch  
FRP Advisory LLP  
10 Furnival Street  
London  
EC4A 1YH

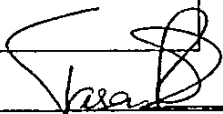
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 5 April 2011

To
(b) 4 October 2011

Signed

  
Joint / Administrator(s)

Dated

4 November 2011

SATURDAY



\*ASDYCYZM\*

AIQ 05/11/2011 138

COMPANIES HOUSE



**FRP Advisory LLP**  
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London  
EC4A 1YH  
Tel +44 (0)20 3005 4000  
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To All Creditors

your ref.

our ref AO081/J

date 4 November 2011

Please ask for Marcus McMillan

Dear Sirs

**C REALISATIONS 2011 LIMITED (FORMERLY CILT, THE NATIONAL CENTRE FOR LANGUAGES)  
(IN ADMINISTRATION) ("THE COMPANY")  
In the High Court of Justice, Chancery Division No. 0516 of 2011**

Further to my appointment as Joint Administrator of the above Company on 5 April 2011, I provide my progress report on this administration for the period 5 April 2011 to 4 October 2011 ("the period") in accordance with Rules 2 47 of the Insolvency Rules 1986

I attach

- Appendix A - Statutory information regarding the Company and the appointment of the Administrators
- Appendix B - Form 2 24B, formal notice of the progress report
- Appendix C - Receipts and payments account
- Appendix D - Details of my firms' time costs
- Appendix E - Statement of expenses incurred in the period

**1. The Administrators' Proposals**

- 1 1 The appointment of the Joint Administrators took place on 5 April 2011. The appointment was by Anne Farren, a member of CILT's Board of Governors, on behalf of the Board of Governors. The appointment of the Joint Administrators included a declaration that during the period of the administration they may act jointly or concurrently as the Administrators of the Company.
- 1 2 The possible objective(s) of administration are -
  - A To rescue the Company as a going concern, failing which
  - B To achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), failing which
  - C To realise property in order to make a distribution to one or more secured or preferential creditors
- 1 3 Due to the lack of ongoing funding it was not possible to rescue the Company as a going concern. Accordingly the objective of the administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

AO081

- 1.4 The Administrators' proposals were sent to creditors on 27 May 2011. The Administrators' proposals were modified and approved at a meeting of creditors on 14 June 2011. The modified proposals were sent to creditors on 21 June 2011.

## **2. Progress of the Administration**

- 2.1 I attach at Appendix C a receipts and payments account detailing both transactions for the period and also since my appointment as administrator

### **Sale of Operations**

- 2.2 As advised in my previous report, on 7 April 2011 sales of both the English and Welsh operations completed to CfBT Education Trust ("CfBT") and WJEC CBAC ("WJEC") respectively. The English business and assets were sold as a going concern for £30,000 plus a further £10,000 which is payable in the event CfBT is able to secure a grant from the Department for Education ("DfE"). £30,000 was paid upon completion. The Administrators are awaiting confirmation from CfBT as to whether they have been successful in securing the DfE funding. The Welsh business and assets were sold for £7,000, which was paid upon completion.
- 2.3 To ensure a successful transfer of the operations the Administrators have been liaising with various parties. These include the purchasers, suppliers, funders, former employees, the Charity Commission and pension providers.

### **Restricted Funds**

- 2.4 At the date of appointment the Company held circa £2.6 million in its bank accounts held with Natwest. Those monies came from a variety of sources, however historically CILT has treated funds received from various grant providers for specific projects as restricted. The Administrators retained two members of CILT's accounting staff to reconcile the funds held and advise which funds relate to which project.
- 2.5 The reconciliation of the restricted funds involved the detailed assessment and allocation of the finances on a project by project basis. This took a substantial period of time of close cooperation between the Administrators' staff and the CILT accounting staff.
- 2.6 This exercise determined that there was £1,703,284 held in restricted funds at the date of Administration with the balance of monies being unrestricted. The Administrators' solicitors Dickinson Dees, have been successful in negotiating the retention of £125,207 of restricted funds as unrestricted funds. A further £395,932 has been released either back to the funder or to their nominated recipient. Discussions are still occurring with each of the remaining funders and these are all at various stages.
- 2.7 The specific costs associated with dealing with each of the restricted funds will be met from the respective restricted funds, where possible.

### **Book Debts**

- 2.8 CILT's debtors have continued to pay for services received from CILT. These payments have either been made directly to the Administrators or into CILT's Natwest Bank Account. Where possible these have been allocated against CILT's debtor ledger. The debtor ledger was made up primarily of a large number of very small debtors. All debtors have been contacted by the Administrators which has resulted in further payments being made. Further debtors remaining outstanding on the ledger, however as many relate to subscriptions or payments for services now being provided by CfBT or WJEC, and are generally of values less than £100, it is not anticipated that any further debtor realisations will be made.

- 2 9 Invoices have been raised to two funders for services which had been performed by CILT prior to Administration but not been invoiced. These invoices total £28,759.20 and payment is expected shortly.

### **Move to Liquidation**

- 2 10 Following the modification of the Administrators' proposals it was agreed that steps would be taken to move CILT into Creditors' Voluntary Liquidation as soon as reasonably practicable. Work is still underway in relation to the restricted funds, as noted above, as well as awaiting any deferred consideration from CFBT. Nonetheless it is now an appropriate time to move CILT to liquidation. The proposed liquidators are Richard Philpott and Mark Norton of KPMG LLP.
- 2 11 Following a decision of the Court of appeal in an unrelated decision *Re Minmar (929) Ltd* [2011] EWHC 1159 (Ch) the standard practice followed by the legal profession when effecting the appointment of administrators out of court in circumstances such as occurred on CILT has been held to be invalid. Legal advice has been sought on this issue. It has determined that the appointment was invalid at the time but that there is a good case to apply to the Court for the appointment to retrospectively be validated. The Administrators are liaising with their own solicitors, as well as KPMG, as proposed liquidators and the solicitors for the LPFA, as major creditor. Until this issue has been resolved CILT cannot be placed into liquidation.

## **3. Estimated Outcome**

### **Outcome for Secured Creditor**

- 3 1 There is no secured creditor in this matter.

### **Outcome for Preferential Creditors**

- 3 2 The statement of affairs shows preferential creditors of £17,836 being employees for arrears of pay and holiday pay. Prior to the appointment of administrators the Company reached an agreement with the DfE whereby the claims of employees arising as a result of their redundancies would be met directly by the DfE up to a certain limit. Significant time has been spent by the Administrators calculating the claims, agreeing the claims with the former employees, entering into compromise agreements with those employees, obtaining the monies from the DfE and paying those monies to the employees and calculating and paying the relevant tax on those claims. All claims have now been paid in full. The majority legal costs associated with this exercise have been met by the DfE so the cost to the estate has been substantially reduced.
- 3 3 It is anticipated that an element of CILT's unpaid pension liability may also be preferential. This will be agreed by the liquidator, once appointed, but it is anticipated that this will be able to be paid in full.

### **Outcome for Unsecured Creditors**

- 3 4 The statement of affairs indicates that, subject to costs, a dividend will be available to unsecured creditors in due course.
- 3 5 The Administrators have further considered the possibility of a prescribed part for unsecured creditors under S176A of the Insolvency Act 1986. A prescribed part is not appropriate because there are no holders of floating charges in this case.
- 3 6 It is not yet possible to estimate the final dividend to unsecured creditors as creditors' claims are to be agreed by a duly appointed liquidator. It is not possible to estimate the costs of the liquidation at this stage.

#### **4. Administrators' Remuneration, Disbursements and Expenses**

- 4.1 Turning to our own costs in this matter, our remuneration as Administrators is based on computerised records of all time spent on the administration of this case. I attach at appendix D a breakdown of our time costs incurred to date in accordance with Statement of Insolvency Practice 9. All of these costs were incurred in respect of the period covered by this progress report.
- 4.2 At the creditors meeting held on 14 June 2011 creditors passed a resolution that our remuneration should be calculated on a time cost basis but would not be drawn without the consent of the London Pensions Fund Authority ("LPFA"), as largest creditor. To date no remuneration has been drawn, however discussions are underway with the LPFA in this regard.
- 4.3 From the date the resolution to draw my fees on a time cost basis was approved, there has been no material changes in the hourly rates charged.
- 4.4 The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company.
- 4.5 I attach at Appendix E a statement of expenses that have been incurred during the period covered by this report including a cumulative summary of expenses incurred to date.
- 4.6 Creditors have a right to request further information from the Administrators under Rule 2.48A of the Insolvency Rules 1986 and further have a right to challenge the Administrators' remuneration and other expenses under Rule 2.109 of the Insolvency Rules 1986. Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link <http://cp.frapadvisory.com> and select the one for administrations. Alternatively a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of 8 weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact Marcus McMillan on 0203 005 4263.

Dated 4 November 2011



**Jason Baker**

**Joint Administrator**

Licensed in the United Kingdom by the Institute of Chartered Accountants in England & Wales

**The Joint Administrators act as agents of the Company and without personal liability.**

**The affairs, business and property of the Company are being managed by Jason Daniel Baker and Jonathan Mark Birch who were appointed Joint Administrators on 5 April 2011.**

**Statutory Information****Appendix A****C REALISATIONS 2011 LIMITED (FORMERLY CILT, THE NATIONAL CENTRE FOR LANGUAGES)  
IN ADMINISTRATION**

Court in which administration proceedings were brought	High Court of Justice, Chancery Division
Court reference number	0516
Other trading names	CILT, The National Centre for Languages
Company number	5375352
Registered office	10 Furnival Street London EC4A 1YH
Previous registered office	111 Westminster Bridge Road London SE1 7HR
Business address	111 Westminster Bridge Road London SE1 7HR
Administrators' names and addresses	Jason Daniel Baker and Jonathan Mark Birch FRP Advisory 10 Furnival Street London EC4A 1YH
Date of appointment.	5 April 2011
Appointor details.	Name Anne Farren Address 4 Esher Road, East Molesey, Surrey, KT8 0AA
Previous office holders, if any	None
Extensions to the initial period of appointment	None

The Joint Administrators act jointly and concurrently

**C Realisations 2011 Limited (Formerly CILT, The National Centre for Languages)  
(In Administration)**

**Summary Of Receipts And Payments  
5 April 2011 to 4 October 2011**

<b>S of A £</b>		<b>Restricted £</b>	<b>Fixed £</b>	<b>Floating £</b>	<b>Total £</b>
<b>RECEIPTS</b>					
1,703,284	Restricted Funds	1,703,284			1,703,284
10,002	Goodwill		7		7
1,007	Intellectual Property		1,501		1,501
25,750	Furniture & Equipment			25,625	25,625
11,491	Stock			11,492	11,492
28,884	Book Debts			46,716	46,716
889,722	Cash at Bank			888,338	888,338
	Rent & Service Charge			22,527	22,527
	Salary Reimbursement			6,296	6,296
	Access Fee			430	430
	Fixed Charge Surplus			1,508	1,508
	TDA - ITT SEN Surplus			683	683
	Credit & Levelling Surplus			5,366	5,366
	HFCE Routes into Languages Surplus			90,345	90,345
	Lightbox Education Surplus			28,813	28,813
	Royalties			899	899
	Bank Interest	2,693		2,941	5,634
	VAT Payable			601	601
		<b>1,705,977</b>	<b>1,508</b>	<b>1,132,579</b>	<b>2,840,064</b>
<b>PAYMENTS</b>					
	Floating Charge Distribution		1,508		1,508
	HFCE Routes into Languages Surplus	90,345			90,345
	TDA - ITT SEN Surplus	683			683
	Credit & Levelling Surplus	5,366			5,366
	Lightbox Education Surplus	28,813			28,813
	TDA Surplus to TDA	256,066			256,066
	PTP Surplus to CfBT	139,866			139,866
	Professional Costs			21,053	21,053
	Payroll Costs			73	73
	Agents' Fees			7,429	7,429
	Pension Payments			1,117	1,117
	Statutory Advertising			256	256
	Rent & Service Charge			36,687	36,687
	Business Rates			1,614	1,614
	Insurance			542	542
	Heat & Light			563	563
	Wages & Salaries			5,073	5,073
	Telephone & Internet			739	739
	PAYE & National Insurance			106	106
	Postage			2	2
	Corporation Tax			220	220
	Bank Charges			42	42
	VAT Receivable			4,369	4,369
		<b>521,139</b>	<b>1,508</b>	<b>79,884</b>	<b>602,531</b>
		<b>1,184,838</b>	<b>-</b>	<b>1,052,695</b>	<b>2,237,534</b>
	<b>Balances in Hand</b>	<b>1,705,977</b>	<b>1,508</b>	<b>1,132,579</b>	<b>2,840,064</b>

Time and Disbursements	Timesheet entries
WIP/Service	(All)

Time and Disbursements		Timesheet entries		CILT		Client code	
WIP/Service		(AJ)				Date start	
						Date end	
Sum of WIP/Hours		Hours by Staff Grade					
Classification of Work		Work Analysis		No Grade allocated		Other Professional	
Administration and Planning	Admin & Planning			48 30		1 00	
	Case Accounting			11 70		8 50	
	Meetings	0 10		9 80		27 50	
	Partner Review					13 75	
	Travel			3 10		36 30	
Asset Realisation	Asset Realisation			17 30		26 45	
	Chattel Assets			1 30			
	Debt Collection			4 60			
	Freehold/Leasehold Property			4 00		0 55	
Creditors	Unsecured Creditors			32 20		3 55	
	Preferential Creditors			5 40		12 90	
Investigation	Investigatory Work					0 30	
	Special Investigation			34 50		1 55	
Legal and Litigation	Legal / Litigation					3 25	
	Statutory Compliance			1 10		25 50	
Statutory Compliance	Statutory Compliance			14 10		1 80	
	Statutory Reporting			3 01		2 30	
	Tax & VAT					2 50	
Employees	Employees			62 90		6 35	
Grand Total		0 10		253 31		101 20	
						36 00	
						119 15	
						509 76	

Work Analysis	Total Cost £	Average Hly Rate
Admin & Planning	20,865 50	252 92
Case Accounting	9,032 50	222 20
Meetings	9,490 25	376 60
Partner Review	17,968 50	495 00
Travel	682 00	220 00
Asset Realisation	20,642 75	372 28
Chattel Assets	286 00	220 00
Debt Collection	1,348 00	238 58
Freehold/Leasehold Property	1,036 00	232 09
Unsecured Creditors	12,969 25	266 58
Preferential Creditors	1,832 50	252 76
Investigatory Work	1,040 00	320 00
Special Investigation	15,750 00	262 50
Legal / Litigation	823 50	358 04
Statutory Compliance	6,982 00	447 56
Statutory Reporting	4,142 00	238 73
Tax & VAT	1,430 20	264 36
Employees	24,701 25	259 33
	151,042 20	296 30

General administrative tasks such as filing and drafting documentation keeping administration accounting system up to date, reviewing correspondence in relation to all aspects of the administration

Negotiating sale of Operations Dealing with issues arising from sale Dealing with realisation of residual assets Dealing with landlords and leasehold creditors

Dealing with queries from unsecured creditors Dealing with queries from non employee preferential creditors, such as the pension funds

Work done regarding restricted funds This is not chargeable to the estate It will be paid from the restricted funds held, where possible This is a reduction of £16 790

Obtaining legal advice in relation to the validity of the Administrators' appointment

Report to the Secretary of State on the conduct of directors Reporting to creditors on the progress of the administration Meeting post appointment tax obligations

Assisting employees to claim their entitlement from the DIE fund Included answering employee queries reviewing claims, liaising with the Department for Education and paying funds to employees

Disbursements	Costs Outstanding
Sundries/General	1110 00
Postage	451 60
Delivery	23 60
Travel	585 04
Taxis	36 00
Meeting	41 40
Grand Total	2247 64

Charge out rates with effect from 1/1/08	
Grade	£/h
Partner	395-495
Manager	295-350
Other senior professionals	160-250
Assistants and support staff	140 250



**C REALISATIONS 2011 LIMITED (FORMERLY CILT, THE NATIONAL CENTRE FOR LANGUAGES) (IN ADMINISTRATION)**  
**STATEMENT OF EXPENSES FOR THE SIX MONTH PERIOD ENDED 4 OCTOBER 2011**

Expenses	Total paid to date of progress report period per R and P £	Costs committed not yet paid at reporting date £	Total Expenses for the six months ended 04-Oct-11 £
Professional Costs	21,053		21,053
Payroll Costs	73		73
Agents' fees	7,429		7,429
Pension Payments	1,117		1,117
Statutory Advertising	256		256
Rent & Service Charge	36,687		36,687
Business Rates	1,614		1,614
Insurance	542		542
Heat & Light	563		563
Wages & Salaries	5,073		5,073
Telephone & Internet	739		739
PAYE & National Insurance	106		106
Postage	2		2
Corporation Tax	220		220
Bank Charges	42		42
Administrators' Remuneration		134,252	134,252
Administrators' Disbursements		2,248	2,248
Legal Fees		93,728	93,728
Internet		396	396
	75,516	230,624	306,140

NOTE The difference of £16,790 on Administrators' Remuneration from that stated on the Time Cost Analysis is attributable to time spent dealing with the restricted funds. This is a cost which will be borne from the respective restricted funds where possible.

**Proof of Debt – General Form**  
**C REALISATIONS 2011 LIMITED (FORMERLY CILT, THE NATIONAL CENTRE FOR LANGUAGES) (IN ADMINISTRATION)**

Date of Administration      **5 April 2011**

1	Name of creditor Co Registration No (if applicable)	
2	Contact No Address of creditor	
3	Total amount of claim, including any value added tax and outstanding uncapitalised interest as at the date of the Company went into administration	£
4	Details of any documents by reference to which the debt can be substantiated (Note any document or evidence to substantiate the claim may be called for)	
5	If the total amount shown above includes value added tax, please show  a) amount of value added tax  b) amount of claim NET of value added tax	£  £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under Section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and date it was given	
11	Signature of creditor or person authorised to act on his behalf  Name in BLOCK LETTERS  Position with or relation to creditor	

Admitted to vote for                      £

Admitted preferentially for                      £

Admitted non preferentially for                      £

Date

Date

Administrator

Administrator

**C Realisations 2011 Limited (Formerly CILT, The National Centre for Languages)  
(In Administration)**

**Summary Of Receipts And Payments  
5 April 2011 to 4 October 2011**

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