

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company Blue Sky Capital Management (UK) LLP	Company number OC327067
In the High Court of Justice, Chancery Division, Companies Court, London (full name of court)	For court use only 12176 of 2009

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

We (a) Andrew Gordon Stoneman and Paul John Clark of MCR, 43-45 Portman Square, London, W1H 6LY

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

From

To

(b) Insert date

(b) 19 March 2009

(b) 18 September 2009

Signed

Joint Administrator

Dated 7 October 2009

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

MCR
43-45 Portman Square
London
W1H 6LY
Tel: 020 7487 7240



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COMPANIES HOUSE

e completed and signed this form please send it to the Registrar of Companies at:

House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

**Blue Sky Capital Management (UK) LLP
(In Administration)**

**Joint Administrators' Progress Report to Creditors
for the period from 19 March 2009 to 18 September 2009
pursuant to Rule 2.47(1) of the
Insolvency Rules 1986 as amended**

7 October 2009



CORPORATE
RESTRUCTURING

Names of Joint Administrators: Andrew Gordon Stoneman
Paul John Clark

Date of appointment: 19 March 2009

Date of report: 6 October 2009

Appointed by: The Members of the LLP

Court reference: The Royal Courts of Justice no. 12176 of 2009

MCR
43-45 Portman Square
London
W1H 6LY

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1. INTRODUCTION

- 1.1 Andrew Stoneman and Paul Clark of MCR were appointed Joint Administrators of Blue Sky Capital Management (UK) LLP ("the Partnership" or "the LLP") on 19 March 2009 by the members of the Partnership.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 The purpose of this report is to provide creditors with details of the progress of the Administration, in accordance with Rule 2.47(1) of the Rules, for the six month period to 18 September 2009.
- 1.4 This report should be read in conjunction with the earlier report to creditors dated 5 May 2009.

2. BACKGROUND

- 2.1 The background to the Joint Administrators' appointment is noted in their previous report to creditors.

3. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

- 3.1 The Joint Administrators issued their Report to Creditors together with their Statement of Proposals ("the Proposals") on 5 May 2009.
- 3.2 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not required to be held as there will be insufficient realisations to enable a distribution to unsecured creditors. No meeting was convened and in accordance with Rule 2.33(5) of the Insolvency Rules 1986 the Joint Administrators' proposals were deemed to have been approved by creditors.
- 3.3 As advised in the Proposals, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
 - Rescuing the Partnership as a going concern; or
 - Achieving a better result for the Partnership's creditors as a whole than would be likely if the Partnership were wound up (without first being in Administration); or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 3.4 The first objective was not achievable given that the Partnership had ceased to trade prior to the Joint Administrators' appointment. Therefore, the focus has been on achieving the second and third objectives. The Joint Administrators believe that the second objective has been achieved, given the outcome of the Administration noted below.
- 3.5 The approved Proposals provided that the Partnership should be dissolved, following the completion of all outstanding matters, since the Joint Administrators believed that there would not be sufficient realisations to enable a distribution to unsecured creditors.

- 3.6 A summary of the Proposals is attached at Appendix 4.

4. PROGRESS OF THE ADMINISTRATION

- 4.1 The manner in which the affairs and business of the Partnership have been managed since the appointment of Joint Administrators and will continue to be managed are set out below.

Asset Realisations

Sale of Business

- 4.2 As noted in the previous report, the Partnership ceased to trade upon the Joint Administrators' appointment and therefore a going concern sale of the Partnership's business and assets was not possible.
- 4.3 The Joint Administrators' proposals stated that an agreement had been reached in principle for the sale of certain assets of the Partnership to Blue Sky Capital Australia Pty Limited (an Australian registered company). The Joint Administrators are pleased to confirm that this sale completed on 7 May 2009.
- 4.4 The sale consideration totalling £29,951 (net of VAT) was paid on 2 July 2009, as agreed in the sale agreement. The consideration is apportioned as follows:

Asset	£
Intellectual Property	1
Contracts	23,960
Information Technology	2,995
Equipment	2,995
	<u>29,951</u>

- 4.5 In accordance with Statement of Insolvency Practice 13, it should be noted that the Joint Administrators understand that certain members of the LLP have an interest in, or are officers of, Blue Sky Capital Australia Pty Limited.

Office Furniture and IT Equipment

- 4.6 The Proposals noted that the LLP owned certain office furniture and IT equipment in its Manchester office. This furniture and equipment formed part of the sale agreement above.

Book debts

- 4.7 As noted in the Proposals, the LLP is owed approximately £578,000 by Blue Sky Capital LLC, an Isle of Man registered company. The Joint Administrators do not believe this debt is recoverable as Blue Sky Capital LLC is in Liquidation.
- 4.8 The Proposals outlined that the LLP has several sundry prepayments and debtors with a book value of approximately £75,156. As the Proposals anticipated, the Joint Administrators have not been able to realise any of these prepayments and debtors. These sundry prepayments and debtors will be reviewed further but it is the Joint Administrators' opinion that no realisations will be made.

Rent Deposit

- 4.9 The Partnership signed a ten year lease for office premises in Portman Square, London in 2007 and placed a rent deposit of £150,000 with the landlord, Portman Square Properties Limited. The lease was surrendered to the landlord on 23 April 2009 and the Joint Administrators have confirmation that the landlord has drawn down the rent deposit in full in respect of arrears of rent and service charges and therefore there will be no recovery from this asset.

VAT refund

- 4.10 The Joint Administrators expect to receive a VAT refund of approximately £1,090 in respect of the pre-appointment period. Negotiations are currently ongoing with HMRC in respect of this realisation.

Sundry refunds

- 4.11 A credit card refund of £364 has been received to date.

Joint Administrators' Agents and Solicitors

- 4.12 The Joint Administrators have engaged the following firms to assist with the sale of the LLP's assets and other statutory matters:

Company	Role
SIA Group (UK) Limited	Chattels agents – Value LLP's chattel assets.
Orrick, Herrington & Sutcliffe LLP	Solicitors – Assist with placing the LLP into Administration, prepare the sale of assets contract, and other ad hoc legal matters.

- 4.13 The Joint Administrators' choice was based on their perception of these firms' experience and ability to perform this type of work, the complexity and nature of the assignment and on the basis of the fee arrangement with them.

5. INVESTIGATIONS

- 5.1 The Joint Administrators' investigations into the Partnership's affairs are currently ongoing. Should any of the Partnership's creditors have information concerning the Partnership's affairs that they would like to bring to the Joint Administrators' attention, please contact this office.
- 5.2 The Joint Administrators have a statutory obligation to file a report with the Department for Business, Innovation & Skills regarding the conduct of all directors of the Partnership that served in the three years prior to the appointment. The content of this report is confidential and was submitted to the Insolvency Practitioners Compliance Unit on 15 September 2009.

6. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

Portman Square Properties Limited ("PSPL")

- 6.1 In consideration for the sum of £150,000 advanced as a rent deposit, in respect of the LLP's lease for premises at 35-38 Portman Square, London, the LLP and PSPL entered into a rent deposit deed which was registered at Companies House on 22 September 2007.
- 6.2 At the date of the Joint Administrators' appointment, the LLP's indebtedness to PSPL was approximately £144,000 subject to accruing rent and charges. PSPL has reduced its indebtedness by drawing down fully on the rent deposit, as noted in section 4.9. PSPL has a residual claim of £15,379 over and above the rent deposit, this claim will be unsecured.
- 6.3 There will be insufficient realisations to repay PSPL for any indebtedness over and above the rent deposit held.

Unsecured Creditors

Preferential Creditors

- 6.4 Pursuant to the members' Statement of Affairs ("SoA"), the estimated preferential claims are £3,200.
- 6.5 The preferential creditors' claims consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the Department of Business, Innovation & Skills following payment to the employees by the Redundancy Payments Office ("RPO").
- 6.6 The RPO submitted a preferential claim totalling £2,147.80 on 13 May 2009 in respect of payments made to the Partnership's former employees.
- 6.7 There will be insufficient realisations to pay a dividend to the preferential creditors.

Prescribed Part

- 6.8 Pursuant to Section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003 a prescribed part of the Partnership's net property shall be made available to unsecured creditors.
- 6.9 As the Partnership has no floating charge creditor, the prescribed part will not apply in this instance.

Non-preferential Creditors

- 6.10 According to the members' SoA non-preferential creditors total £1,547,966. The non-preferential creditors can be summarised as follows:

	£
HSBC Bank plc	737,561
Steve Bellotti	313,474
West Valley Capital Limited	223,270
Trade & Expense Creditors	265,830
HM Revenue & Customs – PAYE/NIC	7,831
Total	1,547,966

- 6.11 There will be insufficient realisations to enable a distribution to the non-preferential, unsecured creditors.

7. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

- 7.1 A detailed Receipts and Payments account for the period 19 March 2009 to 18 September 2009 is shown in Appendix 2.
- 7.2 As at 18 September 2009 there was a balance of £8,739 in the Joint Administrators' account.

8. JOINT ADMINISTRATORS' REMUNERATION

- 8.1 The time costs of the Joint Administrators and their staff are analysed at Appendix 3 in accordance with Statement of Insolvency Practice 9. To date, the Joint Administrators' time costs total £48,511 and £20,000 has been drawn as remuneration.
- 8.2 It is anticipated that a further £7,000 will be incurred bringing the Administration to a close.
- 8.3 A creditor's guide to Administrators' fees can be found at www.mcr.uk.com or on request from the Joint Administrators' office in accordance with SIP9.
- 8.4 In accordance with Rule 2.106(5A) of the Insolvency Rules 1986, as amended, the Joint Administrators' remuneration was approved by the secured creditor, PSPL. The remuneration is fixed by reference to the time properly given by the Joint Administrators and their staff. The Joint Administrators intend to draw a further c.£10,000 plus VAT and disbursements.

9. EC REGULATION

- 9.1 It is the Joint Administrators' opinion that the EC Regulation on Insolvency Proceedings 2000 ("EC Regulation") applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Partnership is in England.

10. END OF THE ADMINISTRATION


- 10.1 The Joint Administrators' Proposals advised that Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent.

- 10.2 As the Partnership has no property with which to make a distribution to its unsecured creditors, a Notice to move from Administration to Dissolution – Form 2.35B ("the Notice") will be submitted to the Registrar of Companies pursuant to Paragraph 84 of Schedule B1 to the Act, once all outstanding matters have been finalised.
- 10.3 Following registration of the Notice by the Registrar of Companies, the Joint Administrators' appointment will cease to have effect, and they will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Act.
- 10.4 At the end of three months beginning with the date of the Notice being registered by the Registrar of Companies, the Partnership will be dissolved.

11 NEXT REPORT

- 11.1 The Joint Administrators are required to send a final progress report to the creditors of the Company. This report will be provided no later than 18 April 2010 or earlier if the Administration has been finalised.
- 11.2 If you have any queries or require any further assistance, please do not hesitate to contact Lauren Aicardi of this office.

For and on behalf of
Blue Sky Capital Management (UK) LLP


Andrew Stoneman
Joint Administrator

Encs.

APPENDIX 1

Statutory information

STATUTORY INFORMATION

Date of incorporation	23 March 2007	
Registered number	OC327067	
Members	Blue Sky Partners Limited Coflin Holdings LLC Dakota Ridge Capital LLC Global Destinations Fund LP Adam Gough Ewan Kearney Pictet Private Equity Investors SA (nominee) Gunnar Sachs Matteo Sanguineti Christopher Seery Matthew Dawson Spence James Sutherland Walker West Valley Capital Limited Anthony Wild Windandsea LLC Harry Culham Paul Smith Richard Scrase	
Trading addresses	6th Floor South 35 Portman Square London W1H 6LR	City Tower 26 th Floor Piccadilly Plaza Manchester M1 4BD
Registered office	Current: 43-45 Portman Square London W1H 6LY	Formerly: 6th Floor South 35-38 Portman Square London W1H 6LR
Any other trading names	N/A	

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Blue Sky Capital Management LLP (In Administration)
Progress Report to Creditors
7 October 2009

Financial information

	Eleven months to February 2009 (Management) £	Period Ended March 2008 (Unaudited) £
Profit & Loss		
Turnover	684,046	637,112
Gross loss	N/a	(161,576)
Retained loss for the year	(779,827)	(214,475)
Balance Sheet		
Fixed Assets	80,102	91,577
Net current liabilities	(546,571)	(1,160,948)
Total liabilities	(466,469)	(1,069,371)
Members' net	546,488	(854,896)
Accumulated losses	(1,012,957)	(214,475)
Total liabilities	(466,469)	(1,069,371)

APPENDIX 2

Joint Administrators' Receipts and Payments account

Blue Sky Capital Management (UK) LLP
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

**Statement
of Affairs**

**From 19 March 2009
to 18 September 2009**

	ASSET REALISATIONS	
	Intellectual Property	1.00
	Contracts	23,959.99
	Information technology	2,995.00
6,896.00	Equipment	2,995.00
	Credit card refund	364.40
27,586.00	Management fee accrual	<u>NIL</u>
		30,315.39
	COST OF REALISATIONS	
	Joint administrators' remuneration	20,000.00
	Joint administrators' disbursements	252.20
	Employee consultancy advice	250.00
	Agents/Valuers fees (1) - floating	580.00
	Re-Direction of Mail	26.00
	Statutory Advertising	177.48
	Insurance of Assets	<u>290.88</u>
		(21,576.56)
	UNSECURED CREDITORS	
(1,547,966.00)	Trade & Expense Creditors	NIL
(3,200.00)	Employees	<u>NIL</u>
		NIL
<u>(1,516,684.00)</u>		<u>8,738.83</u>
	REPRESENTED BY	
	Floating/main current account	5,701.00
	General VAT control account	3,037.83
		<u>8,738.83</u>

APPENDIX 3

Schedule of Joint Administrators' time costs

BLUE SKY CAPITAL MANAGEMENT (UK) LLP (IN ADMINISTRATION)

Analysis of Joint Administrators' time costs for the period 19 March 2009 to 6 October 2009

Classification of Work Function	Hours				Total	Time	Average
	Partner	Manager	Senior	Assistants	Hours	Cost	Hourly Rate
					£	£	
General admin		29.40	3.90	44.40	77.70	13,804.50	177.66
Strategy planning & control	6.00	9.10	5.90	25.40	46.40	10,233.50	220.55
Sale of business		16.50	1.00	1.10	18.60	5,265.50	283.09
General correspondence	0.10	8.00	0.30	6.00	14.40	3,228.00	224.17
Proposals		9.60		0.30	9.90	2,763.00	279.09
CDDA reports	0.40	2.20	5.90	2.90	11.40	2,735.50	239.96
Trading - operations			10.80		10.80	2,592.00	240.00
Cashiering & accounting	0.20	1.20	1.70	3.60	6.70	1,399.00	208.81
Investigations (inc. antecedant transactions)	2.00	0.10		1.50	3.60	1,157.50	321.53
Employee matters		1.30		6.30	7.60	1,110.50	146.12
Unsecured creditors		0.80		7.50	8.30	984.00	118.55
Meetings		1.60	0.50	1.10	3.20	829.00	259.06
Statutory meetings & reports		0.20		3.70	3.90	686.00	175.90
Statement of affairs		1.30		2.20	3.50	685.50	195.86
Floating charge assets		1.40			1.40	472.50	337.50
Financial review		0.70		0.80	1.50	319.50	213.00
Fixed charge assets		0.40			0.40	114.00	285.00
Secured Creditors				0.80	0.80	99.00	123.75
Preferential creditors		0.10			0.10	32.50	325.00
Total Hours	8.70	83.90	30.00	107.60	230.20	48,511.00	210.73
Total Fees Claimed (£)	3,915.00	24,900.00	7,134.00	12,562.00		48,511.00	

APPENDIX 4

Joint Administrators' Proposals

12. JOINT ADMINISTRATORS' PROPOSALS

12.1 The Joint Administrators propose the following:

- 12.1.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the LLP as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
 - 12.1.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as amended, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
 - 12.1.3 That the Joint Administrators, once all outstanding matters have been satisfactorily completed, take the necessary steps to give notice under paragraph 84 of Schedule B1 of the Insolvency Act 1986, as amended, to the Registrar of Companies to the effect that the LLP has no property which might permit a distribution to its creditors, at which stage the Administration will cease.
 - 12.1.4 That the Joint Administrators, in the event that they form the view that a distribution can be made to unsecured creditors, take the necessary steps to put the LLP into creditors' voluntary liquidation. It is proposed that the Joint Administrators, currently Andrew Gordon Stoneman and Paul John Clark of MCR would act as Joint Liquidators should the LLP be placed into Creditors' Voluntary Liquidation. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986 (as amended) the creditors may nominate a different person as the proposed liquidator, provided such nomination is made before these proposals are approved.
 - 12.1.5 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, as amended, upon filing the end of the Administration, or their appointment otherwise ceasing.
 - 12.1.6 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration.
 - 12.1.7 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the administration ("Category 2 Disbursements"), if any.
 - 12.1.8 That the Joint Administrators be authorised to instruct and pay MCR Receivables Management Limited to assist with the collection of book debts, where considered appropriate.
- 12.2 That pursuant to Rule 2.33(5) of the Insolvency Rules 1986, the proposals in paragraph 12.1 shall be deemed to be approved by the creditors on the expiry of the period in which a meeting can be requisitioned by creditors in the manner described in paragraph 10.2 above, provided that no meeting has been so requisitioned.

- 12.3 The Joint Administrators will be seeking the following specific resolutions from the secured creditor:
- 12.3.1 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, as amended, upon filing the end of the Administration, or their appointment otherwise ceasing.
 - 12.3.2 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration.
 - 12.3.3 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the administration ("Category 2 Disbursements"), if any.
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