

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

I/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) 18 September 2009

(b) 16 March 2010

Signed

Joint Administrator

Dated 16.03.10

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 searches of the public record.

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

THURSDAY



A15 18/03/2010 63
COMPANIES HOUSE

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DX 33050 Cardiff

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

**Joint Administrators' Final Progress Report to Creditors
For the period 19 March 2009 to 16 March 2010
Pursuant to Rules 2.110 and 2.118 of the
Insolvency Rules 1986 (as amended)**

16 March 2010

Names of Joint Administrators: Andrew Gordon Stoneman
Paul John Clark

Date of appointment: 19 March 2009

Date of report: 16 March 2010

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

CONTENTS

1. Introduction
2. Joint Administrators' report and statement of proposals
3. Progress of the Administration
4. Investigations
5. Dividend prospects / prescribed part
6. Joint Administrators' receipts and payments account
7. Joint Administrators' time costs
8. EC Regulation
9. Conclusion and ending the Administration
10. Other matters

APPENDICES

1. Statutory information
2. Joint Administrators' receipts and payments account
3. Analysis of Joint Administrators' time costs
4. Joint Administrators' proposals
5. Form 2 35B – Notice of move from Administration to Dissolution

1. INTRODUCTION

- 1.1 Andrew Stoneman and Paul Clark of MCR were appointed Joint Administrators of Blue Sky Capital Management (UK) LLP ("the Partnership" and "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 Insolvency Act 1986 ("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 a final account of the progress of the Administration, in accordance with Rules 2.110 and 2.118 of the Insolvency Rules 1986, as amended ("the Rules").
- 1.4 This report should be read in conjunction with the earlier reports to creditors dated 5 May 2009 and 7 October 2009.

2. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

- 2.1 The Joint Administrators issued their Report to Creditors together with their Statement of Proposals ("the Proposals") on 5 May 2009.
- 2.2 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not required to be held as the Joint Administrators did not believe that there would be sufficient realisations to enable a distribution to non-preferential creditors. No meeting was convened and in accordance with Rule 2.33(5) of the Rules the Proposals were deemed to have been approved by creditors.
- 2.3 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
- 2.4 The Joint Administrators do not believe that the first and second objectives have been achieved. However, the Joint Administrators believe that the third objective has been achieved as the secured creditor, by virtue of a rent deposit deed held by him, has received a distribution. Further details are noted below.
- 2.5 A summary of the Proposals is attached at Appendix 4.

3. PROGRESS OF THE ADMINISTRATION

- 3.1 The manner in which the affairs and business of the Partnership have been managed since the appointment of Joint Administrators are set out below.

Asset Realisations

Sale of Business

- 3.2 As noted in the previous reports, 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.
- 3.3 As previously reported, the Joint Administrators sold certain assets of the Partnership to Blue Sky Capital Australia Pty Limited (an Australian registered company) on 7 May 2009. The total consideration received was £29,951 (net of VAT).
- 3.4 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

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

Book debts

- 3.6 As noted in the previous reports, the LLP is owed approximately £578,000 by Blue Sky Capital LLC, an Isle of Man registered company. This debt is uncollectable as Blue Sky Capital LLC is in Liquidation and there will be no return to creditors. This debt has been written off accordingly.
- 3.7 The Joint Administrators' previous reports outlined that the LLP has several sundry prepayments and debtors with a book value of approximately £75,156. The Joint Administrators have reviewed the sundry prepayments and debtors further and believe that they are uncollectable. As a result the sundry prepayments and debtors have been written off.

Rent Deposit

- 3.8 The Partnership signed a ten year lease for office premises in Portman Square, London 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 received confirmation that the landlord has drawn down the rent deposit in full in respect of arrears of rent and service charges. Therefore, the Joint Administrators were unable to make a recovery from this asset.

VAT refund

- 3.9 Since the Joint Administrators' last report, a VAT refund of £1,090 has been realised in respect of the pre-appointment period.

Sundry refunds

- 3.10 A credit card refund of £364 was realised by the Joint Administrators.

4. INVESTIGATIONS

- 4.1 The Joint Administrators have a statutory obligation to file a report with the Department for Business, Innovation and Skills ("DBIS") regarding the conduct of all members 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

5. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

Portman Square Properties Limited ("PSPL")

- 5.1 The LLP and PSPL entered into a rent deposit deed 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.
- 5.2 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 3.8. PSPL has a residual claim of £15,379 over and above the rent deposit, this claim will be unsecured.
- 5.3 There are insufficient realisations to repay PSPL for any indebtedness over and above the rent deposit held.

Preferential Creditors

- 5.4 Pursuant to the members' Statement of Affairs ("SoA"), the estimated preferential claims are £3,200.
- 5.5 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 DBIS following payment to the employees by the Redundancy Payments Office ("RPO").
- 5.6 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
- 5.7 There are insufficient realisations to pay a dividend to the preferential creditors.

Prescribed Part

- 5.8 Pursuant to Section 176A of the Act, 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
- 5.9 As the Partnership has no floating charge creditor, the prescribed part will not apply in this instance

Non-preferential Creditors

- 5.10 According to the members' SoA non-preferential creditors total £1,547,966, which is 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

- 5.11 There are insufficient realisations to enable a distribution to the non-preferential, unsecured creditors.
- 5.12 Creditors should therefore write off any debts owed to them by the LLP.

6. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

- 6.1 A detailed receipts and payments account for the period 19 March 2009 to 16 March 2010 is shown at Appendix 2.

7. JOINT ADMINISTRATORS' TIME COSTS

- 7.1 In accordance with Rule 2 106(5A) of the Rules the Joint Administrators' remuneration was approved by the secured creditor, PSPL. The remuneration is fixed by reference to the time properly given by them and their staff
- 7.2 The time costs of the Joint Administrators and their staff are analysed at Appendix 3. To date, the Joint Administrators time costs total £56,893. The Joint Administrators have drawn remuneration totalling £29,441.

8. EC REGULATION

- 8.1 It is the Joint Administrators' opinion that the EC Regulation on Insolvency Proceedings 2000 ("EC Regulation") apply 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.


9. CONCLUSION AND ENDING THE ADMINISTRATION

- 9.1 In accordance with the Proposals the necessary steps will now be taken to give notice to the Registrar of Companies ("the Registrar") to the effect that the Partnership has no further property which might permit a distribution to creditors.
- 9.2 Attached at Appendix 5 is Form 2 35B, Notice of move from Administration to Dissolution, which has been sent to the Registrar pursuant to Paragraph 84(1) of Schedule B1 to the Act.

- 9.3 Following registration of the notice by the Registrar, the Joint Administrators appointment shall cease to have effect and they will be discharged from liability under Paragraph 98 of Schedule B1 to the Act.
- 9.4 At the end of the three months beginning from the date of the notice being registered by the Registrar, the Partnership will be dissolved.

10. OTHER MATTERS

- 10.1 If you require further information or assistance, please do not hesitate to contact my colleague, Lauren Aicardi, in the first instance.


Andrew Stoneman
Joint Administrator

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The affairs, business and property of the Partnership are being managed by the Joint Administrators, Andrew Stoneman and Paul Clark, who act as agents for the Partnership and without personal liability. Both are licensed by the Insolvency Practitioners' Association.

APPENDIX 1

STATUTORY INFORMATION

STATUTORY INFORMATION

Date of incorporation	23 March 2007	
Registered number	OC327067	
Members	Blue Sky Partners Limited Cofin 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	

Con't/

Blue Sky Capital Management (UK) LLP (In Administration)
Final Progress Report to Creditors
16 March 2010

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' receipts and payments account

Statement of Affairs		From 19 March 2009 to 16 March 2010
	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
	Bank interest gross	0.55
27,586 00	Management fee accrual	NIL
	VAT refund	1,090.49
		<u>31406.43</u>
	COST OF REALISATIONS	
	Joint administrators' remuneration	29,441.49
	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	290 88
	Storage costs	124 50
	Corporation tax advice	255.00
	Bank charges	8 88
		<u>(31,406 43)</u>
<u>34,482</u>		<u><u>0.00</u></u>
	REPRESENTED BY	
	Floating/main current account	NIL
		<u><u>NIL</u></u>

APPENDIX 3
ANALYSIS OF JOINT ADMINISTRATORS' TIME COSTS

Blue Sky Capital Managment (UK) LLP (In Administration)

Analysis of Joint Administrators' time costs for the period 19 March 2009 to 16 March 2010

Classification of Work Function	Hours				Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant			
Administration and Planning							
General admin		31 20	3 90	59 30	94 40	16,598 00	175 83
Strategy planning & control	6 00	10 00	5 90	28 80	50 70	10,872 00	214 44
General correspondence	0 10	8 00	0 30	6 20	14 60	3,256 00	223 01
Statutory matters (Meetings, Reports and Notices)		1 70		16 70	18 40	3,068 50	166 77
Proposals		9 60		0 30	9 90	2,763 00	279 09
Cashiering & accounting	0 20	1 50	2 40	4 30	8 40	1,780 00	211 90
Meetings		1 60	0 50	3 10	5 20	1,103 00	212 12
Statement of affairs		1 30		2 20	3 50	685 50	195 86
Financial review		0 70		3 20	3 90	676 50	173 46
IPS set up & maintenance				0 20	0 20	28 00	140 00
Investigations							
CDDA, reports & Communication	0 40	2 20	7 00	3 10	12 70	3,047 00	239 92
Financial review and investigations (S238/239 etc)	2 00	0 10		1 50	3 60	1,157 50	321 53
Realisation of Assets							
Sale of business		16 50	1 00	1 10	18 60	5,265 50	283 09
Floating charge assets		1 50			1 50	505 00	336 67
Fixed charge assets		0 40			0 40	114 00	285 00
Trading							
Trading - Operations			10 80		10 80	2,592 00	240 00
Creditors							
Employee matters		1 30		7 00	8 30	1,219 00	146 87
Unsecured creditors		0 80		8 30	9 10	1,096 00	120 44
Secured Creditors				0 80	0 80	99 00	123 75
Preferential creditors		0 10			0 10	32 50	325 00
Case Specific Matters							
Closings		1 40		3 30	4 70	934 50	198 83
Total Hours	8 70	89 90	31 80	149 40	279 80		203 33
Total Fees Claimed (£)	3,915 00	26,923 00	7,581 50	18,473 00		56,892 50	

Category 2 Disbursements:

None

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.
 - 12.3.4 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.

APPENDIX 5

FORM 2.35B – NOTICE OF MOVE FROM ADMINISTRATION TO DISSOLUTION