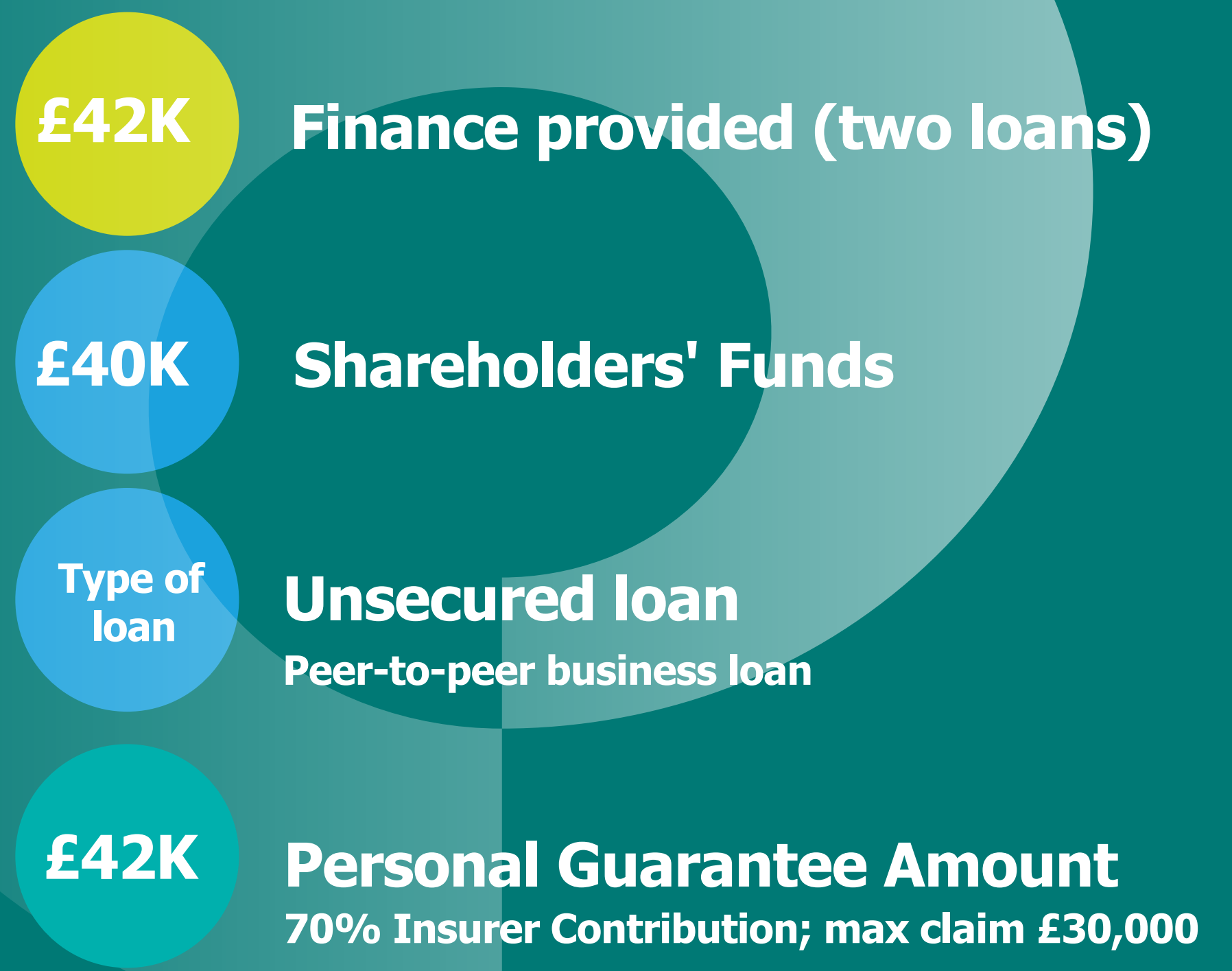


**Latest case study**

**Vocational training provider**

**Sector**  
**Education**

**Location**  
**North West**



**Overview to Business**

The business was incorporated by its founding Directors in 2016 and it provides professional beauty training courses.

The firm operates from its dedicated training academy based in the North West.

**Reason for Business Failure:**

In early 2020 one of the firms largest customers, which contributed a material concentration of revenues for the business, failed and entered administration which caused significant cash flow issues for the firm. This customer failed as a result of trading difficulties when its Ofsted rating was reduced from "Good" to "Inadequate".

The business had confidence that it would be able to recover revenues from other customers but, as a result of the COVID-19 pandemic and lockdown it meant that the business was unable to provide in-person training courses under its contracts. At the time, the business did not have an online capability to perform these courses remotely en masse.

During lockdown in 2020, the business was no longer considered viable and entered an insolvency procedure with an appointed insolvency practitioner.

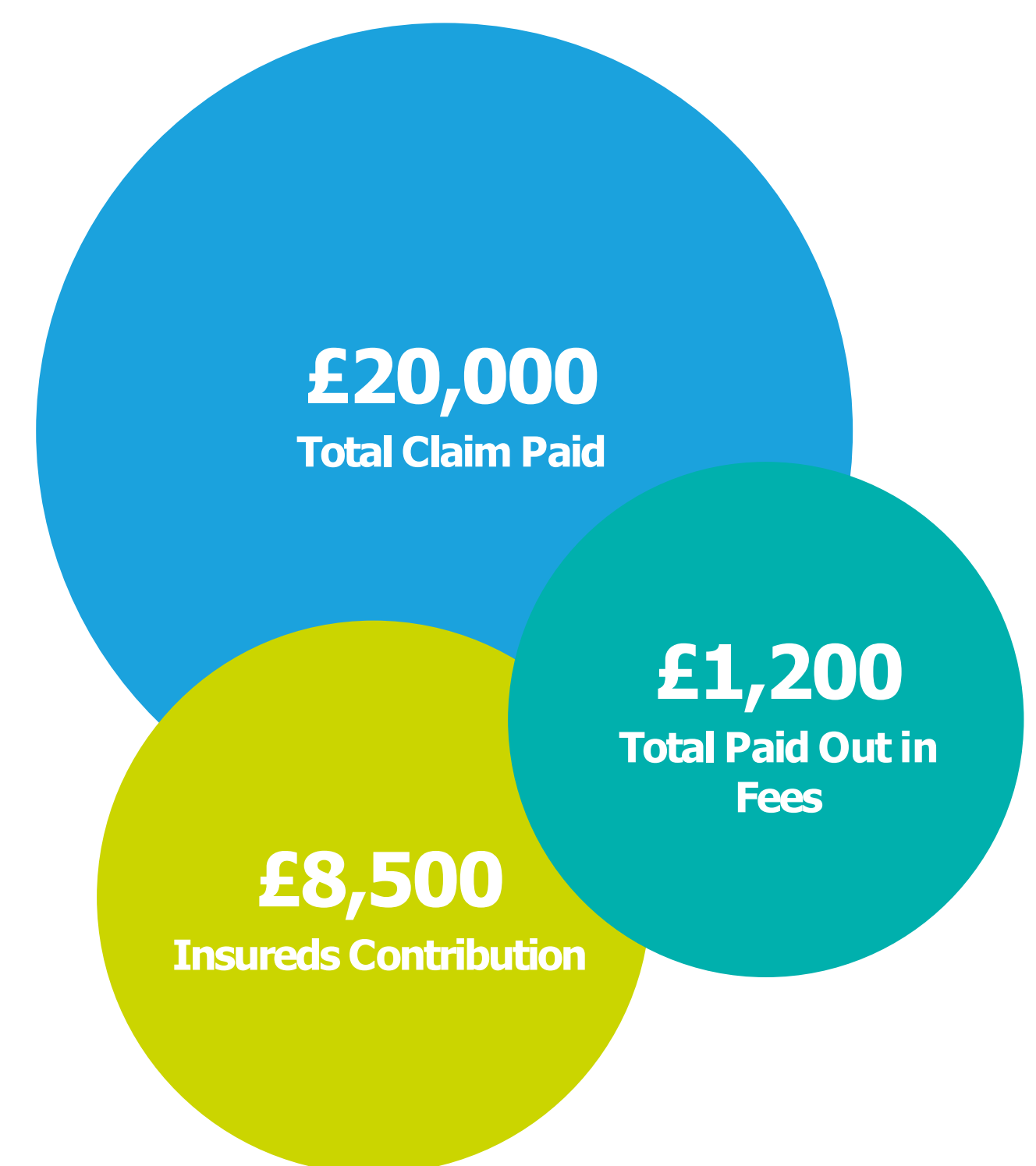
**Conclusions:**

The failure of a key customer had a critical adverse impact on the business - however, under normal trading conditions the business could have recovered to market itself and look for alternative sources of income.

Unfortunately, with the COVID-19 pandemic and the inability to provide its training services remotely, the business faced significant financial difficulties and an orderly insolvency procedure was the only real option for the business - particularly with the uncertainty of the timings of a resumption of 'normal' under the pandemic.

**Final Settlements:**

Final settlement agreed at **£28,500**



**Support provided by Purbeck Insurance:**

- > Pre-insolvency business advice.
- > Introduced for possible refinance of existing facilities and repayment holidays.
- > Introduced the client to a Panel Member firm for early intervention and to limit escalation of costs.
- > Personal Guarantee negotiator instructed to help reduce outstanding obligations under the Personal Guarantee