



SATURDAY



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21/12/2019

#493

COMPANIES HOUSE

<b>1</b>	<b>Company details</b>	
Company number	F E 0 0 0 0 0 2	→ <b>Filling in this form</b> Please complete in typescript or in bold black capitals.
Company name in full	Hadlow College	
<b>2</b>	<b>Administrator's name</b>	
Full forename(s)	William Matthew	
Surname	Tait	
<b>3</b>	<b>Administrator's address</b>	
Building name/number	55	
Street	Baker Street	
	London	
Post town		
County/Region		
Postcode	W 1 U 7 E U	
Country		
<b>4</b>	<b>Administrator's name <sup>1</sup></b>	
Full forename(s)	Danny Nicolass William	<b>1 Other administrator</b> Use this section to tell us about another administrator.
Surname	Dartnaill	
<b>5</b>	<b>Administrator's address <sup>2</sup></b>	
Building name/number	Thames Tower, Level 12	<b>2 Other administrator</b> Use this section to tell us about another administrator.
Street	Station Road Reading	
	Berkshire	
Post town		
County/Region		
Postcode	R G 1 1 L X	
Country		

# AM10

## Notice of Education Administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 2	<sup>d</sup> 2	<sup>m</sup> 0	<sup>m</sup> 5	2	0	1	9
To date	<sup>d</sup> 2	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 1	2	0	1	9

### 7 Progress report

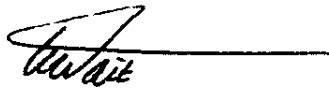
I attach a copy of the progress report

### 8 Sign and date

Administrator's signature

Signature

X



X

Signature date

<sup>d</sup>2

<sup>d</sup>0

<sup>m</sup>1

<sup>m</sup>2

2

0

1

9

# AM10

## Notice of Education Administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **William Matthew Tait**

Company name **BDO LLP**

Address  
**5 Temple Square  
Temple Street**

Post town **Liverpool**

County/Region:

Postcode **L 2 5 R H**

Country:

DX:

Telephone **01512 374 500**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.



### Important information

**All information on this form will appear on the public record.**



### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

# Continuation page

## Name and address of insolvency practitioner

✓ **What this form is for**  
 Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ●  
 Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
 You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
 Please complete in typescript or in bold black capitals.  
 All fields are mandatory unless specified or indicated by \*

### 1 Appointment type

Tick to show the nature of the appointment:

- Administrator
- Administrative receiver
- Receiver
- Manager
- Nominee
- Supervisor
- Liquidator
- Provisional liquidator

● You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

### 2 Insolvency practitioner's name

Full forename(s) **Francis Graham**

Surname **Newton**

### 3 Insolvency practitioner's address

Building name/number **Central Square**

Street **29 Wellington Street**

**Leeds**

Post town

County/Region

Postcode **L S 1 4 D L**

Country

**Hadlow College  
(In Administration)  
Joint Administrators' Trading Account**

Statement of Affairs £	From 22/05/2019 To 21/11/2019 £	From 22/05/2019 To 21/11/2019 £
<b>POST APPOINTMENT SALES</b>		
Broadview and Sapling Sales	350,208.40	350,208.40
Catering Sales	230.00	230.00
ESFA Trading Receipts	5,148,883.94	5,148,883.94
Finance PDQ Income	419,215.76	419,215.76
Non-ESFA Education Income	2,757,038.42	2,757,038.42
Other Income	345,939.86	345,939.86
	<u>9,021,516.38</u>	<u>9,021,516.38</u>
<b>COST OF SALES</b>		
COS - Farm Shop	95,664.76	95,664.76
COS - Non-Plants	7,576.51	7,576.51
COS - PCF	1,086.61	1,086.61
COS - Plants	82,880.88	82,880.88
COS - Tea Room	85.50	85.50
Employee Pensions	1,047,364.32	1,047,364.32
Equipment	18,415.12	18,415.12
Farm	169,420.20	169,420.20
IT	31,301.79	31,301.79
Leases/HP Agreements	234,629.59	234,629.59
PAYE & NI	1,235,262.46	1,235,262.46
Payroll Costs	4,547,482.99	4,547,482.99
Staff Related Costs	39,479.80	39,479.80
Transport and Travel	14,588.34	14,588.34
	<u>(7,525,238.87)</u>	<u>(7,525,238.87)</u>
<b>TRADING EXPENSES</b>		
Bank Charges & Interest	30.00	30.00
Catering Costs	88,296.53	88,296.53
Cleaning	45,799.52	45,799.52
Consultant fees	146,265.86	146,265.86
Continuity Creditors	116,550.81	116,550.81
Education Related Costs	393,079.31	393,079.31
Light & Heat	107,651.02	107,651.02
Marketing	36,204.01	36,204.01
Other Expenses	511,456.52	511,456.52
Phones	29,956.18	29,956.18
Postage	10,706.02	10,706.02
Printing and Stationery	25,766.92	25,766.92
Rent and Rates	149,285.37	149,285.37
Repairs and Maintenance	94,478.95	94,478.95
Sapling Expenses	3,216.28	3,216.28
Student Bursaries	58,589.27	58,589.27
Water	39,611.84	39,611.84
	<u>(1,856,944.41)</u>	<u>(1,856,944.41)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b><u>(360,666.90)</u></b>	<b><u>(360,666.90)</u></b>

**Hadlow College**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 22/05/2019 To 21/11/2019 £	From 22/05/2019 To 21/11/2019 £
	<b>FIXED CHARGE ASSETS</b>		
5,575,000.00	Hadlow Main Campus East	NIL	NIL
		NIL	NIL
	<b>FIXED CHARGE CREDITORS</b>		
(5,663,000.00)	Fixed Charge Creditor	NIL	NIL
		NIL	NIL
	<b>HP ASSETS</b>		
728,000.00	Building, Equipment, Vehicles	NIL	NIL
(917,000.00)	HP/Leasing Company (1)	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
12,296,000.00	Assets under Construction	NIL	NIL
1,077,000.00	Cash at Bank	1,096,830.63	1,096,830.63
1,319,000.00	Debtors	NIL	NIL
	Insurance Refund	4,799.00	4,799.00
	Interest Gross	1,628.62	1,628.62
12,660,000.00	Land & Buildings	NIL	NIL
561,000.00	Plant & Equipment	NIL	NIL
	Rent	(463.24)	(463.24)
651,000.00	Stock	NIL	NIL
	Trading Surplus/(Deficit)	(360,666.90)	(360,666.90)
		742,128.11	742,128.11
	<b>COST OF REALISATIONS</b>		
	Bank Charges	45.00	45.00
	Betteshanger Country Park Ltd	38,000.00	38,000.00
	Betteshanger Sustainable Park Ltd	47,000.00	47,000.00
	Insurance	14,641.30	14,641.30
	Legal Disbs	7,809.60	7,809.60
	Legal Fees	59,346.66	59,346.66
	PR Costs	1,680.00	1,680.00
	Pre-appointment Professional fees	11,210.40	11,210.40
	Property Agents' Disbs	1,197.38	1,197.38
	Property Agents' Fees	39,000.00	39,000.00
	Specialist Property Agents' Fees	62,762.40	62,762.40
	Statutory Advertising	97.20	97.20
	Third Party Payroll Costs	5,040.96	5,040.96
		(287,830.90)	(287,830.90)
	<b>PREFERENTIAL CREDITORS</b>		
(474,000.00)	Arrears & Pay	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(1,067,000.00)	Accruals	NIL	NIL
(178,000.00)	Arrears of contributions	NIL	NIL
(142,000.00)	Deferred Income	NIL	NIL
(124,000.00)	Deposits	NIL	NIL
(13,757,000.00)	Funding Bodies	NIL	NIL
(101,000.00)	Hadlow PIF Ltd	NIL	NIL
(24,000.00)	Kent Mining Heritage Fund	NIL	NIL
(9,094,000.00)	LGPS defined benefit scheme deficit	NIL	NIL
(576,000.00)	Salix	NIL	NIL
(1,067,000.00)	Trade & Expense Creditors	NIL	NIL
(336,000.00)	University of Greenwich	NIL	NIL

**Hadlow College**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 22/05/2019 To 21/11/2019 £	From 22/05/2019 To 21/11/2019 £
(454,000.00)	Unsecured N.I.C.	NIL	NIL
(1,597,000.00)	Unsecured V.A.T.	NIL	NIL
(258,000.00)	Weleyan Bank	NIL	NIL
(3,867,000.00)	West Kent & Ashford College	NIL	NIL
		NIL	NIL
<b>(4,829,000.00)</b>		<b>454,297.21</b>	<b>454,297.21</b>
	REPRESENTED BY		
	EA Current Account		454,297.21
			<b>454,297.21</b>

TO ALL CREDITORS

20 December 2019

Our Ref 00294470/WMT/DF/C3

Please ask for David Forster  
Tel: 0151 237 4530  
Email: BRCMT@bdo.co.uk

Dear Madams/Sirs

**The Corporation of Hadlow College - In Education Administration (“the College”)**

As you are aware, Francis Graham Newton, Danny Nicolaas William Dartnaill and I were appointed Joint Education Administrators of the College on 22 May 2019.

In accordance with Rule 3.13 of the Education Administration Rules 2018, we provide below our report on the progress made in implementing the Joint Education Administrators’ Statement of Proposals (“the Proposals”) and achieving the statutory objective of the Education Administration for the period from 22 May 2019 to 21 November 2019 (“the Reporting Period”).

Please note that we do not intend to report in detail on matters that have been previously disclosed to creditors. As such, this report should be read in conjunction with the Proposals, which were uploaded to the creditor portal on 1 November 2019. Please also refer to the Proposals for definitions of capitalised terms that are used in this report.

**1 Statutory Information**

The College is a body corporate established on 28 September 1992 under section 15 of the Further and Higher Education Act 1992 with its UKPRN being 10002843. Its primary educational site is at Tonbridge Road, Hadlow, Kent TN11 0AL (“the Hadlow campus”). Provision is also delivered at sites in Mottingham, Canterbury and Greenwich.

On 14 May 2019, the Secretary of State for Education filed a petition at the High Court of Justice, Business and Property Courts of England and Wales, for an order placing the College into Education Administration. The Court reference number is 003244 of 2019.

At a hearing held on 22 May 2019, the Court made an order (“the Order”) placing the College into Education Administration and appointing Mr Newton, Mr Dartnaill and me as Joint Education Administrators (“the JEAs”) with effect from the date of the Order.

The Joint Education Administrators are William Matthew Humphries Tait (officeholder number: 9564) of BDO LLP, 55 Baker Street, London, W1U 7EU, Francis Graham Newton (officeholder number: 9310) of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and Danny Nicolaas William Dartnaill (officeholder: 10110) of BDO LLP, Level 12, Thames Tower, Reading, Berkshire, RG1 1LX.

Under the provisions of the Order, the JEAs carry out their functions jointly and severally, meaning any action can be done by one Education Administrator or by all of them.

The College’s registered office is situated at 55 Baker Street, London, W1U 7EU.



## **2 Joint Education Administrators' receipts & payments account**

We attach at appendix 1 a summary of our receipts and payments account analysed to show activity in the Education Administration for the Reporting Period.

In the first six months of the Education Administration, excluding funds that were in the College bank account as at the date of the Order, funds totalling c£9.0m have been received and payments totalling £9.7m have been made.

Although the receipts and payments are largely self-explanatory, a summary of the salient receipts and payments are detailed below.

### **Receipts**

#### ***Cash at bank***

As reported previously, at the date of the Order the College held cash at bank of c£1.1m. These funds were subsequently transferred to the Education Administration bank account.

#### ***Education and Skills Funding Agency ("ESFA") receipts***

Following the making of the Order, the ESFA has continued to provide standard educational funding to the College. These receipts have been used by the College in the Education Administration to support the ongoing provision of education services.

As at 21 November 2019, funds totalling c£5.1m had been received from the ESFA.

#### ***Broadview and Saplings sales***

The College has a number of commercial revenue streams which have continued to trade following the appointment of the JEAs. These include Broadview and Saplings, a garden centre/florist and children's nursery/pre-school respectively, both of which are located at the Hadlow campus.

Revenue generated from the garden centre, florist and nursery in the Reporting Period totals c£350k.

#### ***Non ESFA education income***

Funds totalling c£2.76m have been received in the Reporting Period.

This includes monies received directly from students where funding is not met by the ESFA, education related receipts from third parties other than the ESFA, payments received from entities associated with the College where costs have been recharged for services provided by the College and receipts from other commercial revenue streams.

#### ***PDQ income***

Funds totalling £419k have been received in the Reporting Period in relation to transactions made using the College's various bank card payment terminals.

These monies relate to the following:

- Payments received directly from students for admissions;
- Other student income;
- Court Lane apprenticeship, business and commercial income;
- Commercial income from the farm shop; and
- Princess Christian farm takings.

These funds are received in aggregate amounts and have not been re-categorised.

***Other income***

Other income of c£346k has been received in the Reporting Period. Primarily this represents funds received from the Greater London Authority, Student Loan Company advanced learner loans, Kent County Council and receipts from third parties.

**Payments**

The largest element of the payments made in the Education Administration relate to staffing costs, including payroll costs of £4.5m, PAYE and National Insurance Contributions totalling £1.2m, pension contributions of £1.0m and £39k of other staff related expenditure.

The payments included in the receipts and payments account relate to services provided to the College during the Reporting Period or where the JEAs consider that payment of an historic creditor balance is required to ensure continuity and achievement of the statutory objective.

The majority of the payments are self-explanatory, however, commentary on certain salient payments made in the Reporting Period is provided below:

<b>Cost</b>	<b>Amount (£)</b>	<b>Narrative</b>
Farm	169,420	Costs relating to the continued operation of the College farms.
COS - Farm Shop	95,665	Payments made to suppliers of the farm shop.
COS - Plants	82,881	Supplier payments for garden centre stock.
Catering costs	88,297	Third party costs relating to the operation of the staff and student canteen facilities.
Leases/HP Agreements	234,630	Costs paid to third parties to retain the use of third party assets required in the continued operation of the College.

Education Related costs	393,079	Costs specific to ongoing provision of education to the learners including exam fees, subscriptions, third party suppliers.
Marketing	36,204	Costs relating to advertising to raise the profile of the College and sponsorship of events attended by the College with the purpose of promoting the College to prospective students.
Consultant fees	146,266	Payments made to third parties for the services of temporary staff required by the College.
Other Expenses	511,457	Costs including payments relating to the Animal Management Unit and the Equine Centre, licences and subscriptions, learner experience, student refunds, security and health and safety related payments.
Continuity Creditors	116,551	Payments made to certain creditors deemed critical to preserve the continued operation of the College and to meet the objective of the Education Administration.

### **Grant Funding**

As reported in the Proposals, the Secretary of State for Education, via the ESFA, has agreed to provide the JEAs with a conditional grant (“the Grant”) in order to meet the costs of managing the Education Administration.

No funding was required during the Reporting Period and the JEAs have not made any requests to drawdown on the Grant.

It is expected that, in due course, the JEAs will make requests to drawdown on the Grant in order to meet operational and other costs of the Education Administration.

### **3 Progress and trading during the Education Administration**

As reported in the Proposals, the strategy has been to adopt a ‘business as usual’ approach, working in tandem with the College’s senior management team and staff.

#### ***JEAs’ statement of proposals***

The formal proposals that were put forward by the JEAs are included at appendix 2 for your ease of reference. The JEAs continue to carry out their duties with the purpose of implementing these proposals and achieving the statutory objective of Education Administration. There has been no deviation from the JEAs’ proposals as attached.

It remains the JEAs’ opinion that the Proposed Merger Transactions, based on current information, best fulfil the statutory objective of the Education Administration. As such, the JEAs have continued to progress discussions and to work alongside the Preferred Bidders whilst each party performs their due diligence in relation to the Proposed Merger Transactions. Further commentary on this process is provided in section 5 below.

***Employees***

All College staff were retained immediately following the JEAs' appointment and there have been no redundancies as a result of the Education Administration.

The JEAs, together with certain members of the College's senior management team, have attended regular meetings with the College's staff to provide updates on the process and address any concerns/issues with a view to mitigating/avoiding any disruption to the ongoing provision of teaching to the learners.

***Suppliers***

The JEAs have continued to work closely with the employees at the College in correspondence with suppliers to ensure that there is no disruption to education provision or College commercial revenue streams and to protect the welfare of the College's livestock.

***Provision of higher education***

Although the College is predominantly a provider of further education, it does provide courses to approximately 270 higher education students who are either enrolled at the College directly or study at the College under a franchise agreement with the College's university partners.

The JEAs, together with senior management of the College, hold regular update conversations with the Office for Students and have met with representatives of the university partners to discuss the ongoing relationship and services currently being provided.

***Subsidiaries and other businesses at the Hadlow campus***

As reported previously, at the outset of the Education Administration, the JEAs carried out a review of the College's subsidiaries and the businesses operated by the College. That review addressed financial considerations together with the need for the subsidiary/business as part of the ongoing education provision.

Where necessary, the College continues to support those subsidiaries and other business interests whilst a solution is sought.

**4 Assets**

We refer you to the Proposals for an explanation of the assets owned by the College, the net book values as disclosed in the College's management accounts and the actions taken to date by the JEAs in relation to those assets.

The realisable value of the College's assets will likely be determined by the need for the use of those assets in the future provision of education and subject of negotiation with the acquiring parties.

No tangible fixed assets have been realised in the Reporting Period.

***Betteshanger Sustainable Park Limited ("BSPL") and Betteshanger Country Park Limited ("BCPL")***

Whilst it falls outside of the Reporting Period, we can report that one of the College's subsidiaries, Betteshanger Sustainable Park Limited, was placed into Administration on 2 December 2019. The application to place BSPL into administration was made by its director. Mark Newman and Vincent John Green of Crowe (U.K.) LLP were appointed as the Joint Administrators.

On the date of their appointment, the Joint Administrators of BSPL completed a sale of the business and assets for a total consideration of £1.47m, including cash consideration of £560k and the novation to the purchaser of a secured creditor liability of £905k.

As a result of BSPL entering Administration, monies owed by BSPL to the College as at the date of the Administrators' appointment will now form the College's non-preferential unsecured claim in the BSPL Administration proceedings. This totals £1.45m.

We can also confirm that, following a period of marketing and negotiation, the College recently sold the land at Betteshanger Country Park and its shareholding in BCPL for a cash consideration of £627k. As this sale falls outside of the Reporting Period, the sale proceeds are not reflected in the receipts and payments account.

Both the land sale by the College and that entered into by BSPL also include an overage provision that may give rise to future cash consideration being payable by the purchaser.

***Division of unsold assets***

There has been no distribution of unsold assets amongst the creditors in accordance with Rule 5.13 of the Education Administration Rules 2018.

**5 Outstanding matters in the Education Administration**

On 10 July 2019 the Further Education Commissioner ("FEC") made his recommendation regarding the future of the education provision of the College. The recommendation was as follows:

- Capel Manor College should acquire the College's Mottingham provision/facilities;
- East Kent College Group should acquire the College's Spring Lane (Canterbury) provision/facilities and West Kent and Ashford College's ("WKAC") Ashford provision/facilities; and
- North Kent College should acquire the College's provision/facilities at Hadlow, Princess Christian Farm and Greenwich and WKAC's Tonbridge provision/facilities.

Whilst the JEAs are not bound to follow that recommendation, for the reasons set out in the Proposals, the JEAs are pursuing the Proposed Merger Transactions recommended by the FEC as, on current information, this best fulfils the statutory objective of the Education Administration.

The JEAs have progressed the due diligence process with the Preferred Bidders and held a number of meetings with them to discuss the transitional planning arrangements, the principal purpose being to minimise any disruptions resulting from the transactions.

Meetings have also been held with the College's bankers, Barclays Bank plc, with respect to their position as secured lenders holding charges over elements of the estate likely to be subject to the terms of the Proposed Merger Transactions.

Negotiations are also continuing in relation to the assets that are to be included/excluded from the Proposed Merger Transactions and the consideration to be paid for those assets. Any assets that are not included in the Proposed Merger Transactions are likely to be available to be realised by the JEAs, separately to the mergers, for the benefit of the Education Administration.

It is the JEAs' expectation that the Capel Manor College transaction will occur on 1 January 2020 or shortly thereafter. It is expected that the transactions with East Kent College Group and North Kent College will complete by 31 March 2020.

In the event that the JEAs conclude that the Proposed Merger Transactions will not proceed to completion as expected, either in full or in part, they will consider alternative means to achieve the statutory objective of the Education Administration.

Unlike Administration proceedings that are governed by the Insolvency Act 1986, there is no automatic end to an Education Administration. The Education Administration can only end following an application to the Court by either the Secretary of State for Education or the JEAs (with the approval of the Secretary of State for Education).

Once the Education Administration has concluded, the College is likely to either be dissolved or placed into Compulsory Liquidation.

## **6 Investigations**

### ***Company Directors Disqualification Act 1986***

We can confirm that the JEAs have, as required, filed a confidential report to the Secretary of State with regards to the conduct of those that were considered to be relevant persons in three years prior to the commencement of the Education Administration.

### ***Further investigations and cooperation with the Insolvency Service***

As previously reported, the JEAs engaged BDO LLP's Forensic Services team to carry out focussed forensic investigation work into the affairs of the College.

As is their statutory obligation, the JEAs are also continuing to respond to enquiries received from the Insolvency Service in connection with its ongoing investigations.

Creditors should be aware that this investigatory work is confidential and the JEAs are therefore unable to provide any detail on the specific work that they have performed and the subsequent outcome of that work.

***Request to creditors***

If any creditors hold any information that they believe may be of assistance to the JEAs in their investigations or you wish to bring any matters to their attention that you believe merit investigation by them, please contact the JEAs at BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH.

**7 Potential outcome for creditors**

The outcome for all classes of creditors has not changed from that reported in the Proposals.

***Secured creditors***

Barclays Bank plc (“the Bank”) holds a fixed charge over the land and buildings situated at the East side of the Hadlow Campus. That fixed charge was created on 27 August 2004. The Bank also holds a cross guarantee, created on 29 November 2013, from the College in respect of the borrowing of Grove Farm Park Limited.

At the date of the JEAs’ appointment, the Bank was owed c£5.7m in respect of three loans.

***Preferential unsecured creditors***

There are no preferential creditors in the Education Administration.

***Prescribed Part (“the PP”)***

As the status of the College does not allow the College to grant a floating charge, the PP provisions will not apply in the Education Administration.

***Non-preferential unsecured creditors***

The statement of affairs that was appended to the Proposals lists the unsecured creditor claims of c£35.1m at the date of the Order.

To date, we have received 161 claims, totalling c£8.3m, from unsecured creditors. These claims have yet to be reviewed and adjudicated upon for dividend purposes. In due course, the JEAs expect to receive significant claims representing much of the difference between the claims received to date and the claims detailed in the Statement of Affairs.

As advised in the Proposals, the distribution prospects for unsecured creditors are uncertain at this stage due to the following factors:

1. The majority of the assets of the College are designated to be for educational purposes and, as such, have a complex relationship with the statutory objective and open market value.
2. The majority of the College’s asset portfolio is likely to be necessary for the future educational provision delivered by the College to its learners.
3. Asset realisations are subject to both costs of realisation and its final negotiated position with the Preferred Bidders.

4. The costs of the Education Administration are payable in priority to the claims of creditors.
5. The costs of the Education Administration may be addressed from the Grant funding which has priority for repayment ahead of any distributions to unsecured creditors.

The JEAs request that any creditors who believe that they may have a claim in the Education Administration proceedings, proceed with submitting a proof of debt form (a copy of which is provided at appendix 6) providing a detailed account of the sum owing to them as at the date of the Order together with any security held.

## **8 Post appointment accrued costs of the Education Administration**

The JEAs have engaged professionals to provide a range of services to support the College's ongoing operations and assist with specific tasks associated with the Education Administration.

A schedule which provides the details of those costs that have been incurred, and the payments made, in the Reporting Period is provided at appendix 5.

We are not required to seek approval of the payment of these costs but, for information, we provide our further comments below in relation to the services that have been received.

### ***Legal Fees and disbursements - Brachers LLP and Womble Bond Dickinson LLP***

Brachers LLP and Womble Bond Dickinson LLP ("WBD") are providing legal support to the JEAs. The JEAs have required this for a number of reasons, summarised briefly below:

- This is the first Education Administration under new legislation;
- There were several ongoing pre-appointment legal matters which needed to be resolved/progressed following the appointment of the JEAs;
- The statutory objective of an Education Administration has required the continued operation of the College. Due to the size and nature of the College, the JEAs faced a large number of matters on which legal opinion and assurance was required;
- The Proposed Merger Transactions require substantial legal support and advice; and
- Preparing a contract of sale for the land at Betteshanger Country Park and shareholding in BCPL and advice in connection with that transaction.

### ***BDO LLP - Forensic***

As mentioned above, the JEAs have engaged the forensic services team at BDO LLP to undertake an investigation with regard to the affairs of the College.

### ***AON Risk Solutions***

AON were engaged by the JEAs to conduct health and safety reviews across the College campuses. This was necessary to ensure the College has appropriate insurance cover in place for the various ongoing operations.



***Agents Fees - Savills UK, Peter Marsh Consulting Limited and Real Estate Advisory Services Limited***

Savills UK (“Savills”) was engaged to value the College’s property assets (land and buildings) in order to provide an independent view on their potential value and the bases for that value.

Savills also prepared an inventory at one of the College’s residential flats and completed a check out of a former tenant.

Peter Marsh Consulting Limited (“Peter Marsh”) was engaged to undertake a review of the education provision, specifically the curriculum, with a view to identifying potential efficiencies and non-core assets that, subject to negotiation, could be excluded from the Proposed Merger Transactions and the requirements of the estate to deliver it.

The identification of non-core parts of the College’s asset portfolio has enabled the JEAs to consider realisation strategies for non-core assets at market value without impacting upon learner provision.

Real Estate Advisory Service Limited (“REAS”) was engaged prior to the JEAs’ appointment to advise on the potential sale strategy for the Betteshanger subsidiaries, BCPL and BSPL, and the corresponding land owned by the College.

***Headland PR Consultancy LLP***

Headland PR Consultancy LLP is a PR and communications agency that was engaged by the JEAs to provide support during the Education Administration in relation to the media interest attracted by the College and the appointment of the JEAs.

**9 Joint Education Administrators’ remuneration**

We attach at appendix 3 a schedule that shows the time costs incurred by the JEAs and their staff during the Reporting Period together with our commentary on the costs incurred. In summary, time costs of £804,572 have been incurred, which represents 4,126 hours spent at an average rate of £195 per hour.

As advised in the Proposals, in accordance with Rule 6.10 (2) of the Education Administration Rules 2018, the JEAs’ remuneration should be fixed by reference to the time properly spent by the JEAs and their staff in attending to matters arising in the Education Administration.

The JEAs’ remuneration must be fixed by the Court on receipt of an application made by the JEAs. The JEAs have yet to make such an application but expect to do so shortly.

Creditors will be given fourteen days’ notice of any such application to Court and may make representations if they so wish. Any creditor representations will be reported to the Court as part of the application process.

For your guidance, we also attach at appendix 4 a document that outlines the current policy of BDO LLP in respect of fees (as noted previously our charge out rates have been agreed with the Department for Education) and disbursements.

## 10 Joint Education Administrators' disbursements

The JEAs have agreed with the Department for Education ("DfE") that BDO LLP staff related disbursements will not be directly recharged by the JEAs as this cost is agreed to be included within the agreed hourly charge out rates.

## 11 Other matters

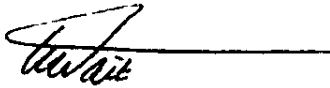
The JEAs are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to the JEAs but are not satisfied with the response then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The affairs, business and property of the College are being managed by the Joint Education Administrators who act as agents to the College and contract without personal liability.

If you require any further information, please contact David Forster at [BRCMT@bdo.co.uk](mailto:BRCMT@bdo.co.uk).

Yours faithfully  
For and on behalf of  
The Corporation of Hadlow College



Matthew Tait  
Joint Education Administrator

WMH Tait and DNW Dartnaill are authorised by the Institute of Chartered Accountants in England and Wales in the UK.

FG Newton is authorised by the Insolvency Practitioners Association in the UK.

### Enclosures:

- Appendix 1: Receipts and Payments Account
- Appendix 2: Summary of the JEAs' formal proposals
- Appendix 3: SIP 9 time cost report for the Reporting Period
- Appendix 4: BDO LLP Policy in respect of fees and disbursements
- Appendix 5: Schedule of the JEAs' post appointment accrued costs
- Appendix 6: Proof of debt form

**Hadlow College  
(In Administration)  
Joint Administrators' Trading Account**

Statement of Affairs £	From 22/05/2019 To 21/11/2019 £	From 22/05/2019 To 21/11/2019 £
<b>POST APPOINTMENT SALES</b>		
Broadview and Sapling Sales	350,208.40	350,208.40
Catering Sales	230.00	230.00
ESFA Trading Receipts	5,148,883.94	5,148,883.94
Finance PDQ Income	419,215.76	419,215.76
Non-ESFA Education Income	2,757,038.42	2,757,038.42
Other Income	345,939.86	345,939.86
	<u>9,021,516.38</u>	<u>9,021,516.38</u>
<b>COST OF SALES</b>		
COS - Farm Shop	95,664.76	95,664.76
COS - Non-Plants	7,576.51	7,576.51
COS - PCF	1,086.61	1,086.61
COS - Plants	82,880.88	82,880.88
COS - Tea Room	85.50	85.50
Employee Pensions	1,047,364.32	1,047,364.32
Equipment	18,415.12	18,415.12
Farm	169,420.20	169,420.20
IT	31,301.79	31,301.79
Leases/HP Agreements	234,629.59	234,629.59
PAYE & NI	1,235,262.46	1,235,262.46
Payroll Costs	4,547,482.99	4,547,482.99
Staff Related Costs	39,479.80	39,479.80
Transport and Travel	14,588.34	14,588.34
	<u>(7,525,238.87)</u>	<u>(7,525,238.87)</u>
<b>TRADING EXPENSES</b>		
Bank Charges & Interest	30.00	30.00
Catering Costs	88,296.53	88,296.53
Cleaning	45,799.52	45,799.52
Consultant fees	146,265.86	146,265.86
Continuity Creditors	116,550.81	116,550.81
Education Related Costs	393,079.31	393,079.31
Light & Heat	107,651.02	107,651.02
Marketing	36,204.01	36,204.01
Other Expenses	511,456.52	511,456.52
Phones	29,956.18	29,956.18
Postage	10,706.02	10,706.02
Printing and Stationery	25,766.92	25,766.92
Rent and Rates	149,285.37	149,285.37
Repairs and Maintenance	94,478.95	94,478.95
Sapling Expenses	3,216.28	3,216.28
Student Bursaries	58,589.27	58,589.27
Water	39,611.84	39,611.84
	<u>(1,856,944.41)</u>	<u>(1,856,944.41)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b><u>(360,666.90)</u></b>	<b><u>(360,666.90)</u></b>

**Hadlow College**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 22/05/2019 To 21/11/2019 £	From 22/05/2019 To 21/11/2019 £
	<b>FIXED CHARGE ASSETS</b>	
5,575,000.00	Hadlow Main Campus East	NIL
		NIL
	<b>FIXED CHARGE CREDITORS</b>	
(5,663,000.00)	Fixed Charge Creditor	NIL
		NIL
	<b>HP ASSETS</b>	
728,000.00	Building, Equipment, Vehicles	NIL
(917,000.00)	HP/Leasing Company (1)	NIL
		NIL
	<b>ASSET REALISATIONS</b>	
12,296,000.00	Assets under Construction	NIL
1,077,000.00	Cash at Bank	1,096,830.63
1,319,000.00	Debtors	NIL
	Insurance Refund	4,799.00
	Interest Gross	1,628.62
12,660,000.00	Land & Buildings	NIL
561,000.00	Plant & Equipment	NIL
	Rent	(463.24)
651,000.00	Stock	NIL
	Trading Surplus/(Deficit)	(360,666.90)
		742,128.11
	<b>COST OF REALISATIONS</b>	
	Bank Charges	45.00
	Betteshanger Country Park Ltd	38,000.00
	Betteshanger Sustainable Park Ltd	47,000.00
	Insurance	14,641.30
	Legal Disbs	7,809.60
	Legal Fees	59,346.66
	PR Costs	1,680.00
	Pre-appointment Professional fees	11,210.40
	Property Agents' Disbs	1,197.38
	Property Agents' Fees	39,000.00
	Specialist Property Agents' Fees	62,762.40
	Statutory Advertising	97.20
	Third Party Payroll Costs	5,040.96
		(287,830.90)
	<b>PREFERENTIAL CREDITORS</b>	
(474,000.00)	Arrears & Pay	NIL
		NIL
	<b>UNSECURED CREDITORS</b>	
(1,067,000.00)	Accruals	NIL
(178,000.00)	Arrears of contributions	NIL
(142,000.00)	Deferred Income	NIL
(124,000.00)	Deposits	NIL
(13,757,000.00)	Funding Bodies	NIL
(101,000.00)	Hadlow PIF Ltd	NIL
(24,000.00)	Kent Mining Heritage Fund	NIL
(9,094,000.00)	LGPS defined benefit scheme deficit	NIL
(576,000.00)	Salix	NIL
(1,067,000.00)	Trade & Expense Creditors	NIL
(336,000.00)	University of Greenwich	NIL

**Hadlow College**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 22/05/2019 To 21/11/2019 £	From 22/05/2019 To 21/11/2019 £
(454,000.00)	Unsecured N.I.C.	NIL	NIL
(1,597,000.00)	Unsecured V.A.T.	NIL	NIL
(258,000.00)	Weleyan Bank	NIL	NIL
(3,867,000.00)	West Kent & Ashford College	NIL	NIL
		NIL	NIL
<b>(4,829,000.00)</b>		<b>454,297.21</b>	<b>454,297.21</b>
	REPRESENTED BY		
	EA Current Account		454,297.21
			<b>454,297.21</b>



## The Corporation of Hadlow College - In Education Administration

### Schedule of accrued post appointment expenses

#### *Formal Proposals - the JEAs propose that:*

- A. They continue to manage the business, affairs and property of the College to achieve the objective of the Education Administration by either:
  - a. Rescuing the further education body as a going concern,
  - b. Transferring some or all of its undertaking to another body,
  - c. Keeping it going until existing students have completed their studies, or
  - d. Making arrangements for existing students to complete their studies at another institution.

As detailed previously, due to the significant levels of liabilities that the College has, it is unlikely the College could be rescued as a going concern.

- B. The JEAs will continue to investigate and, if appropriate, pursue any claims that the JEAs believe that the College may have under all legislation relevant to the management and affairs of the College. In addition, the JEAs shall do all such other things and generally exercise all their powers as Joint Education Administrators as they in their discretion consider desirable in order to achieve the objective of the Education Administration or to protect and preserve the assets of the College or to maximise their realisations or for any other purpose incidental to these proposals.
- C. If the JEAs consider that funds will become available in respect to the unsecured claims of creditors, the JEAs may at their discretion establish in principle the claims of unsecured creditors for adjudication in the Education Administration or a subsequent liquidation and may apply to Court for the costs of doing so to be met as a cost of the Education Administration.
- D. If the JEAs consider that sufficient funds will become available to enable a distribution to be made to the unsecured creditors, the JEAs may at their discretion make an application to Court for permission to make a distribution to unsecured creditors under Paragraph 65(3) Sch. B1 IA86.
- E. Once the objective of the Education Administration is achieved, the JEAs will either request of the Secretary of State for Education to petition, or seek the consent of the Secretary of State for Education for the JEAs to petition, the Court for the following orders:
  - a. that the Education Administration be brought to an end and the JEAs be discharged from office on such terms as the Court shall determine; and
  - b. either that The Corporation of Hadlow College be dissolved or, that it be placed into compulsory liquidation and, if the Court thinks fit, the former JEAs be appointed as Joint Liquidators.
- F. The JEAs shall be discharged from liability pursuant to Paragraph 98(1) Sch. B1 IA86 in respect of any action of theirs as Education Administrators at a time determined by the Court.



**THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION**  
 Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Administrator		Grand Total		Average rate	
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £
<b>B. Steps on Appointment</b>														
01. Review Appointment Validity	3.00	960.00	13.65	1,016.65	43.70	2,575.60	0.20	32.20	16.05	937.05	40.60	7,521.50	185.26	
02. Statutory Documentation			0.20	44.20							0.20	44.20	221.00	
04. Meet Directors/Deputies etc			2.00	442.00							2.00	442.00	221.00	
05. Initial Reviews			16.65	1,679.65	4.00	752.00					29.15	7,151.65	245.34	
06. Third Party Discussions	8.50	2,720.00			3.95	742.60					3.95	742.60	188.00	
07. Attendance at Premises														
08. Detail Documentation Review	3.75	1,200.00	19.25	4,254.25	0.80	150.40			1.20	152.40	21.25	4,557.05	320.00	
09. Preparation of Proposals					3.80	714.40			1.00	381.00	6.80	1,095.40	161.09	
12. Setting up Internal Files					26.25	4,935.00	0.20	32.20	14.25	1,470.45	107.70	22,754.40	211.28	
<b>B. Sub Total Steps on Appointment</b>	<b>15.25</b>	<b>4,880.00</b>	<b>51.75</b>	<b>11,416.75</b>	<b>26.25</b>	<b>4,935.00</b>	<b>0.20</b>	<b>32.20</b>	<b>14.25</b>	<b>1,470.45</b>	<b>107.70</b>	<b>22,754.40</b>		
<b>C. Planning and Strategy</b>														
01. Historic Performance Review	0.20	64.00	1.30	287.30							1.50	351.30	234.20	
02. Review Financial Position			2.95	651.95					0.90	114.30	3.85	766.25	199.03	
03. Review Bus. Process/Systems			0.50	110.50	0.25	47.00	1.70	273.70	1.85	234.95	4.30	666.15	154.92	
04. Assessment of Management	1.50	480.00	0.75	161.75	1.70	119.60					3.95	965.35	244.39	
05. Review Options Available											1.75	222.25	145.13	
06. Meet Appointment Committees	0.50	160.00	1.85	408.85	61.05	11,477.40			26.35	1,346.45	2.35	568.85	242.06	
07. Strategy Planning	188.15	60,208.00	151.45	31,470.45					0.70	88.90	438.85	110,410.15	251.59	
99. Other Matters											1.40	201.60	144.00	
<b>C. Sub Total - Planning and Strategy</b>	<b>190.35</b>	<b>60,912.00</b>	<b>158.80</b>	<b>35,094.80</b>	<b>63.00</b>	<b>11,844.00</b>	<b>16.25</b>	<b>2,616.25</b>	<b>31.55</b>	<b>4,006.85</b>	<b>459.95</b>	<b>114,473.90</b>	<b>248.88</b>	
<b>D. General Administration</b>														
01. Insurance Matters			9.25	2,044.25	27.85	54,835.80			1.45	184.15	104.20	19,183.85	186.03	
02. VAT			0.40	88.40	3.95	742.60			1.05	387.35	7.40	1,218.35	164.64	
03. Taxation			14.40	1,182.40					0.85	107.95	15.25	3,290.35	215.76	
04. Insurance Solicitors			66.35	14,663.35	0.60	112.80			11.55	1,720.85	80.50	16,497.00	204.93	
05. Investigations	2.50	800.00	10.10	2,232.10	2.80	526.40			24.60	1,124.20	40.00	6,682.70	167.07	
06. Civil Lit Reports	2.50	800.00	18.20	4,012.20	0.85	159.80					22.55	5,113.00	226.74	
07. Receipts/Payments Accounts	2.50	928.00	50.65	11,193.65	17.25	3,243.00			92.90	7,846.55	164.45	23,131.95	141.88	



**THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION**

Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Administrator		Grand Total		Average rate	
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £
<b>D. General Administration continued</b>														
08. Remuneration Issues			16.20	3,380.20	16.35	6,813.80	0.50	65.50	2.05	260.35	52.55	10,414.00	198.77	
09. Statutory Matters			40.15	8,873.15	4.15	780.20					46.85	9,979.20	213.00	
11. Court Hearings					1.00	188.00					1.00	188.00	188.00	
12. Press/PR Matters			75.10	16,797.10	3.40	619.20					81.00	18,036.30	222.67	
13. General Meetings	2.50	800.00	2.00	442.00	5.60	676.80	0.20	32.20	2.35	298.45	26.20	7,257.25	276.99	
14. General Discussions	18.25	5,184.00	17.60	3,869.60	25.75	4,841.00	1.55	210.55	1.00	127.00	44.55	8,865.80	199.55	
15. Gen. Admin. Correspondence	7.70	2,464.00	26.75	5,911.75	22.60	4,248.80			162.98	16,477.23	221.58	29,312.33	132.29	
16. Maintain Internal Files					1.85	347.80			9.20	1,168.40	11.05	1,516.20	137.21	
<b>D. Sub Total - General Administration</b>	<b>36.35</b>	<b>11,632.00</b>	<b>347.15</b>	<b>76,720.15</b>	<b>202.00</b>	<b>37,976.00</b>	<b>19.65</b>	<b>3,079.65</b>	<b>313.98</b>	<b>31,702.48</b>	<b>919.13</b>	<b>161,110.28</b>	<b>175.29</b>	
<b>E. Assets Realisation / Dealing</b>														
01. Establishing Control	5.25	1,680.00	23.10	5,105.10	4.50	846.00	0.60	96.60			28.35	6,785.10	239.13	
02. Evaluation/Review/Initiate			1.30	287.30	0.10	18.80					6.40	1,229.90	192.17	
03. Asset Tracing	1.75	560.00			3.30	670.40			1.50	190.50	3.35	769.30	229.64	
04. Agent Instruction/Leasing	5.50	1,760.00	14.55	3,215.55	99.25	18,659.00					23.15	5,595.95	239.66	
05. Sales Info. Preparation	14.50	4,640.00	20.15	4,451.15	7.55	479.40			42.20	5,359.40	176.10	33,111.55	188.03	
06. Property Related Matters	6.75	2,160.00	47.50	9,192.50	1.70	319.60	1.50	219.30	0.65	81.55	53.75	12,323.75	229.28	
07. Debt Collection			3.40	751.40	1.70	319.60					5.10	1,071.00	210.00	
08. Dealing with Chattel Assets			4.80	1,096.80	0.10	56.40					5.10	1,117.20	219.06	
09. Dealing with Other Assets	0.50	160.00	85.45	18,884.45	4.45	836.60	0.20	132.70	11.15	1,416.05	102.25	21,409.80	209.39	
10. HP Leasing Matters					1.40	263.20			2.60	418.60	34.75	4,411.25	129.37	
11. Retention of Title			22.60	49,194.60	7.95	1,494.60			6.85	869.95	8.25	1,133.15	137.35	
14. Sales of Business/Assets	16.20	5,344.00	4.15	919.15	4.00	752.00	0.60	96.60			10.85	2,427.85	226.63	
99. Other Matters	2.00	640.00												
<b>E. Sub Total - Assets Realisation / Dealing</b>	<b>52.95</b>	<b>16,944.00</b>	<b>422.10</b>	<b>93,284.10</b>	<b>129.50</b>	<b>24,346.00</b>	<b>5.80</b>	<b>931.80</b>	<b>97.10</b>	<b>12,331.70</b>	<b>707.45</b>	<b>147,839.60</b>	<b>208.98</b>	





**THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION**  
 Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Administrator		Grand Total		Average rate	
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £
<b>F. Trading Related Matters</b>														
01. Establish Business Control			6.95	1,535.95					7.00	889.00	20.40	3,046.40		149.33
02. Trading/other Projections			106.15	31,481.25					8.40	1,066.80	18.70	3,229.85		172.72
03. Cashflow Forecasts			3.15	77.15					30.05	6,356.35	160.30	30,589.60		190.83
04. Involving Down the Business			2.00	442.00							2.00	442.00		221.00
05. Attendance at Premises			222.25	49,117.25	28.10	5,282.80	29.95	4,821.95	338.35	42,970.45	622.90	103,552.45		166.24
06. Monitor: Supervise Trading	4.25	1,360.30									62.20	14,122.70		227.05
07. Business Management	5.00	1,600.00	54.10	11,956.10	2.50	470.00	0.60	96.60			47.35	10,538.00		222.96
08. Trading Accounts	10.30	3,296.00	18.00	1,978.00	8.05	1,573.40	10.40	1,674.40	0.60	76.20				
99. Other Matters	1.50	480.00	8.00	1,268.00	16.55	3,111.40	1.25	201.25	81.65	10,369.55	108.95	15,930.20		146.22
<b>F. Sub Total - Trading Related Matters</b>	<b>21.05</b>	<b>6,736.00</b>	<b>417.90</b>	<b>92,355.90</b>	<b>62.45</b>	<b>11,740.60</b>	<b>55.70</b>	<b>8,967.70</b>	<b>486.05</b>	<b>61,728.35</b>	<b>1,043.15</b>	<b>181,528.35</b>		<b>174.02</b>
<b>G. Employee Matters</b>														
01. Dealing with Trade Unions			0.95	209.95	13.10	2,462.80					14.05	2,672.75		190.23
02. Dealing with Employers	43.25	13,840.00	59.10	13,061.10	199.90	37,412.30	1.90	305.90			303.25	64,619.00		213.09
03. EPA Matters			1.25	276.25							1.25	276.25		221.00
04. Pension Issues	0.50	160.00	50.80	11,743.18	13.20	2,483.60	18.00	2,958.00	0.25	31.75	82.83	16,814.73		203.02
99. Other Matters			2.95	651.95	8.10	1,522.80	0.60	96.60	2.10	266.70	13.75	2,538.05		184.59
<b>G. Sub Total - Employee Matters</b>	<b>43.75</b>	<b>14,000.00</b>	<b>115.13</b>	<b>25,442.63</b>	<b>233.40</b>	<b>43,879.20</b>	<b>20.50</b>	<b>3,100.50</b>	<b>2.35</b>	<b>298.45</b>	<b>415.13</b>	<b>86,920.78</b>		<b>1,011.92</b>
<b>H. Creditor Claims</b>														
02. Secured Creditor			3.60	532.60	0.30	56.40					0.90	189.00		210.00
03. Preferential Creditors			18.90	4,068.50	5.55	1,343.40	0.70	12.20	180.55	13,124.15	174.80	16,088.25		69.00
04. Non preferential Creditors			0.20	44.20							0.20	44.20		131.32
06. Other Creditors									5.00	435.00	5.00	635.00		221.00
<b>H. Sub Total - Creditor Claims</b>			<b>19.30</b>	<b>4,265.30</b>	<b>5.85</b>	<b>1,099.80</b>	<b>0.20</b>	<b>32.20</b>	<b>107.30</b>	<b>11,979.90</b>	<b>132.65</b>	<b>17,377.20</b>		<b>131.00</b>



**THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION**  
 Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Administrator		Grand Total		Average rate	
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £
<b>I. Reporting</b>														
01 Statutory Reporting	10.50	1,360.00	35.30	7,801.30	0.60	132.80			2.25	242.25	48.65	11,516.35		236.72
02 Reporting to Assemblies	10.25	1,280.00	42.70	9,436.70	9.75	1,833.00	0.15	24.15	12.60	1,500.20	75.45	16,174.05		214.37
04 Reporting to Creditors	2.00	640.00	81.55	18,012.55	31.10	9,606.80			0.40	50.80	135.05	28,330.15		209.70
05 Reporting to Co-ops			26.30	5,768.30	3.50	658.00					29.60	6,426.30		217.10
06 Reporting to other bodies	8.00	2,560.00	15.90	3,511.90	3.35	629.80	4.95	796.95	17.00	2,159.00	49.20	9,659.65		196.33
99 Other Matters					1.70	319.60			0.75	95.25	2.45	414.85		169.33
<b>I. Sub Total Reporting</b>	<b>30.75</b>	<b>9,840.00</b>	<b>201.55</b>	<b>44,542.55</b>	<b>70.00</b>	<b>13,160.00</b>	<b>5.10</b>	<b>821.10</b>	<b>33.00</b>	<b>4,147.50</b>	<b>340.40</b>	<b>72,511.15</b>		<b>213.02</b>
<b>J. Distribution &amp; Closure</b>														
01 Closing Planning					0.30	96.40					0.30	56.40		188.00
<b>J. Sub Total</b>	<b>390.45</b>	<b>124,944.00</b>	<b>1,733.68</b>	<b>383,142.18</b>	<b>792.75</b>	<b>149,037.00</b>	<b>123.40</b>	<b>19,783.40</b>	<b>1,085.58</b>	<b>127,665.68</b>	<b>4,125.83</b>	<b>804,572.23</b>		<b>195.01</b>

Net Total: £804,572.25



The table above is a summary of the JEAs' remuneration, on a time costs basis, from the date of appointment, 22 May 2019, to 22 November 2019.

In the following pages we provide a summary of the work that we have completed to date.

## **A Pre Appointment**

Work undertaken in pre-appointment was disclosed in section 12 of the Proposals.

## **B Steps upon Appointment**

Steps undertaken following the appointment related to the following:

- Reviewing appointment and statutory documents;
- Preparing the JEAs' statement of proposals
- Embedding new financial and managerial controls within pre-existing College procedures and providing consent for the Interim Principal and Interim CFO to continue certain operational powers;
- Holding immediate employee meetings across the College's campuses;
- Implementing our communication strategy with a wide range of key stakeholders;
- Communicating with students and parents/guardians;
- Addressing immediate press enquiries; and,
- Ensuring that it was widely understood that the College would continue to operate as normal.

Due to the complex nature of the Education Administration, this work was primarily led and implemented by directors, senior managers and managers, with appropriate work delegated to staff below manager level.

## **C Planning and Strategy**

Time costs incurred under this heading relate to the following:

- Establishing funding requirements and ensuring stability of operations;
- Liaising with the wider senior management team and devising strategies to deal with subsidiaries;
- Establishing an Education Administration Advisory Group to provide educational guidance in the absence of a governing board;
- Liaising with the DfE and the FEC regarding the ongoing review process; and
- Holding twice daily team meetings to ensure information, planning and strategy was communicated across the team and to enable the continued development of the overarching strategy and plan (during the early stages of the Education Administration process).

This area of work was led by one of the JEAs in conjunction with directors and senior managers, with some support below manager level where appropriate. This was a critical area of our work and fundamental to achieving the statutory objective of the Education Administration as we were operating against a backdrop of new legislation and a complex sales process that required the knowledge, experience and skill of our wider senior team as we navigated often unprecedented issues and situations.

## **D General Administration**

General administration covers a wide range of categorised which are summarised as follows:

- Reviewing and regularising affairs regarding insurance;
- VAT and taxation;
- Undertaking investigations regarding the conduct of the former governors and senior post holders and reporting thereon;
- Investigations into the affairs and transactions of the College;
- Recovery and storage of the College's books and records;

- Day to day management of the College's assets;
- Cashiering functions related to the receipts and payments made by the College whilst it continues to operate;
- Complying with statutory and regulatory matters;
- Managing formal contractual matters regarding the College;
- Dealing with court hearings regarding the insolvency (excluding third party litigation);
- Dealing with ongoing press enquiries and PR matters; and
- Managing general administrative matters/basic enquiries/meetings etc.

The majority of this work required a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and was delegated largely to managers and senior administrators with suitable levels of experience, supervised by the JEAs, directors and senior managers.

## **E Asset Realisation/Management**

Time costs incurred in respect of Asset Realisations/Management relate to the following matters:

- Liaising with the DfE;
- Liaising with the FEC;
- Liaising with Interested Parties with regards to the proposed sale process;
- Engaging educational and property specialists to identify non-core realisable assets and to provide guidance on existing property sales;
- Identifying and controlling recorded assets and property;
- Undertaking/managing debt collection and where appropriate engaging and monitoring specialist agents;
- Dealing with plant, machinery, stock, and intangible assets including intellectual property and engaging specialist agents and solicitors in respect of this matter;
- Managing third party, HP and leased assets;
- Managing and investigating Retention of Title claims including site inspections and meetings; and
- Managing environmental & HSE matters including consultation with specialists, site inspections and meetings.

This area of work required a greater level of commercial experience and insolvency knowledge, than the general administration category of work, together with decision making skills. As such, this was led at director and senior manager level supported by managers and senior administrators with suitable competencies.

## **F Trading Related Matters**

Time costs incurred in respect of trading related matters can be summarised as follows:

- Embedding and developing further controls into the College's pre-existing procedures;
- Overlaying specific Education Administration assumptions in the College's cash flow forecast;
- Providing a team of 12 insolvency and education specialists on site in the lead up to appointment and in the weeks immediately thereafter;
- Meeting and communicating with suppliers and guaranteeing continuity of critical services to the College;
- Supervising trading and liaising with senior management on operations;
- Preparing trading accounts and general financial management of the College and its commercial operations and subsidiaries; and
- Providing weekly financial updates to the DfE.

The success of keeping the College operating as normal was key to providing stability and achieving the objective of the Education Administration. Consequently, this required the most significant number of hours across all grades of seniority. This work was mainly led at director level, with day to day matters performed at manager level and below.

## **G Employee Matters**

Time costs incurred in dealing with Employee related matters can be summarised as follows:

- Managing c.430 employees;
- Attending periodic meetings at the College's various campuses;
- Providing an open forum for employees to raise questions about the Education Administration process and the FEC options review;
- Regular updates/correspondence with the Trade Union representatives;
- Dealing with a number of ongoing employee matters and issues with the assistance/support of the College's HR team;
- Understanding the employees' pension position; and
- Reviewing how TUPE would operate if the proposed sale process completes.

Given the specialist nature of this work, it has been mainly led by directors and senior managers.

## **H Creditor Claims**

Time costs incurred in this matter relate to receiving and recording creditor claims and identifying any Retention of Title creditors, so that these could be dealt with promptly.

Due to the complexities of this assignment, this work has been primarily completed by the assistant managers and support staff with additional support provided by senior managers and/or directors where appropriate.

## **I Reporting**

We have incurred time costs in respect of the above for dealing with the following matters:

- Preparing the JEAs' statement of proposals;
- Periodic progress reports to creditors regarding the progress of the Education Administration, including preparation of Receipts & Payments Accounts, a suitable analysis of time costs accrued and a review of actual costs and accrued costs as compared to this fees and expenses estimate; and
- Regular reporting to the DfE detailing key matters and an update on JEAs accrued time costs and other expenses.

A director was responsible for leading the reporting and delegating the production of the accounts, fee analysis and comparison, with estimates, to suitably experienced junior staff. Much of the basic accounting and analysis was conducted by various junior staff.

These activities do not contribute to achieving the objective of the Education Administration or the financial outcome for creditors. They are however statutory duties imposed by the relevant legislation.

## **J Distribution and Closure**

We have incurred time costs in respect of the above for brief planning/consideration of the likely outcome of the Education Administration.



## The Corporation of Hadlow College - In Education Administration

### Schedule of BDO LLP's agreed charge out rates

In accordance with best practice, we provide below the details of the policies of BDO LLP in respect of fees for work in relation to the above insolvency.

The charge out rates per hour of staff within our firm who may be involved in working on the insolvency, have been agreed with the DfE as follows:

Grade	£ per hour
Partner	320
Director	221
Senior Manager	188
Manager	161
Senior Associate	127 or lower

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP for this engagement will be fixed for the entirety of the Education Administration.

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 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than 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.

The JEAs remuneration must be fixed by the Court upon application by the JEAs. Creditors must be provided at least 14 days' notice of any such application. The application will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs. Please note that whilst the JEAs time costs are not subject to creditor approval, we will provide this information in our periodic reports.

### Other Costs

In accordance with our agreement with the DfE, no BDO LLP staff related disbursements (including travel, accommodation and subsistence) are being directly recharged by BDO LLP to the DfE or the insolvent estate.

Where BDO LLP has met a specific cost in respect of the insolvent estate and payment has been made to a third party, this disbursement will be recharged to the insolvent estate. Such expenses may



include items such as advertising, couriers, land registry searches, payment of a supplier to the College or professional advisor to the JEAs, etc. In each case the recharge will be reimbursement of the specific expense incurred. However, for the avoidance of doubt, this would not include the specifically excluded items referred to above.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP  
20 December 2019



**Schedule of the Joint Education Administrators' post appointment accrued costs**

**Appendix 5**





The Corporation of Hadlow College - In Education Administration

Schedule of accrued post appointment expenses (net of VAT)

Professionals	Costs incurred in the Reporting Period (£)	Costs paid in the Reporting Period (£)	Costs outstanding (£)
Brachers LLP	73,283	55,963	17,320
Womble Bond Dickinson LLP	207,959	Nil	207,959
BDO LLP - Forensics	45,000	Nil	45,000
AON Risk Solutions	260,537	14,641	245,896
Savills UK	34,498	33,498	1,000
Peter Marsh Consulting Limited	33,175	30,675	2,500
Real Estate Advisory Services Limited	22,222	21,627	595
Headland PR Consultancy LLP	2,000	1,400	600
<b>Total</b>	<b>678,674</b>	<b>157,804</b>	<b>520,870</b>



The Corporation of Hadlow College - In Education Administration

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Professionals	Costs incurred in the Reporting Period (£)	Costs paid in the Reporting Period (£)	Costs outstanding (£)
Brachers LLP	73,283	55,963	17,320
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Peter Marsh Consulting Limited	33,175	30,675	2,500
Real Estate Advisory Services Limited	22,222	21,627	595
Headland PR Consultancy LLP	2,000	1,400	600
<b>Total</b>	<b><u>678,674</u></b>	<b><u>157,804</u></b>	<b><u>520,870</u></b>



Proof of debt/claim form

The Corporation of Hadlow College - In Education Administration  
Debt as at the date of the appointment of the Joint Education Administrators: 22 May 2019

1 Name of creditor (If a company please also give company registration number and where registered).	
2 Address of creditor including email address for correspondence.	
3 Total amount of claim, including any Value Added Tax at the above date.	
4 If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
5 Particulars of how and when debt incurred. (If you need more space append a continuation sheet to this form).	
6 Particulars of any security held, the value of the security, and the date it was given.	
7 Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
8 Provide details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the Joint Education Administrators may call for any document or evidence to substantiate the claim at his discretion as may the chair or convener of any meeting).	
9 Signature of creditor or person authorised to act on his behalf  _____	Dated  _____
Name in BLOCK LETTERS  _____	
Position with or in relation to creditor  _____	
Address of person signing (if different from 2 above)  _____	