

AM10

Notice of Education Administrator's progress report



Companies House

WEDNESDAY



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04/03/2020

#239

COMPANIES HOUSE

1 Company details

Company number F E 0 0 0 0 0 1

Company name in full West Kent & Ashford College

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) William Matthew

Surname Tait

3 Administrator's address

Building name/number 55

Street Baker Street

Post town London

County/Region

Postcode W 1 U 7 E U

Country

4 Administrator's name [Ⓢ]

Full forename(s) Francis Graham

Surname Newton

Ⓢ Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address [Ⓢ]

Building name/number Central Square

Street 29 Wellington Street

Post town Leeds

County/Region

Postcode L S 1 4 D L

Country

Ⓢ Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

| | | | | | | | | |
|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| From date | ^d 1 | ^d 6 | ^m 0 | ⁿ 8 | ^y 2 | ^y 0 | ^y 1 | ^y 9 |
| To date | ^d 1 | ^d 5 | ^m 0 | ⁿ 2 | ^y 2 | ^y 0 | ^y 2 | ^y 0 |

7 Progress report

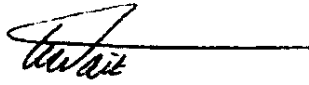
I attach a copy of the progress report

8 Sign and date

Administrator's signature

signature

X



X

Signature date

^d0

^d3

^m0

^m3

^y2

^y0

^y2

^y0

AM10

Notice of 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 or email 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

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. ①
 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

① 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) | Danny |
| Surname | Dartnaill |

3 Insolvency practitioner's address

| | |
|----------------------|--------------------------------------|
| Building name/number | Thames Tower, Level 12, Station Road |
| Street | Reading |
| Post town | Berkshire |
| County/Region | |
| Postcode | R G 1 1 L X |
| Country | |

**West Kent & Ashford College Trading As: West Kent & Ashford College
(In Administration)
Joint Education Administrators' Trading Account**

| Statement of Affairs £ | From 16/08/2019 To 15/02/2020 £ | From 16/08/2019 To 15/02/2020 £ |
|------------------------------------|---------------------------------------|---------------------------------------|
| POST APPOINTMENT SALES | | |
| ESFA Funding | 6,956,536.67 | 6,956,536.67 |
| Non-ESFA Education Funding | 771,896.64 | 771,896.64 |
| Other income | 96,527.29 | 96,527.29 |
| Student Direct Debits | 433,337.71 | 433,337.71 |
| Commercial Income | 190,518.81 | 190,518.81 |
| Income from schools | 402,969.96 | 402,969.96 |
| | 8,851,787.08 | 8,851,787.08 |
| COST OF SALES | | |
| WKAC Payroll | 3,561,615.05 | 3,561,615.05 |
| Payroll - Pension & Staff Benefits | 1,164,960.79 | 1,164,960.79 |
| Payroll - HMRC payments | 936,524.33 | 936,524.33 |
| Leases | 76,072.10 | 76,072.10 |
| Education Services | 134,493.93 | 134,493.93 |
| IT Services | 126,992.07 | 126,992.07 |
| Go Train - Continuity Payments | 262,539.84 | 262,539.84 |
| Equipment | 73,030.78 | 73,030.78 |
| Training Providers & Exam Boards | 538,744.80 | 538,744.80 |
| Merchant Services | 9,461.39 | 9,461.39 |
| Light and Power | 9,329.78 | 9,329.78 |
| Catering Supplies | 155,950.58 | 155,950.58 |
| | (7,049,715.44) | (7,049,715.44) |
| TRADING EXPENSES | | |
| Student Supplies | 20,752.61 | 20,752.61 |
| Student Refunds | 9,317.88 | 9,317.88 |
| Consultants & Agency Costs | 201,651.62 | 201,651.62 |
| Utilities | 182,055.13 | 182,055.13 |
| Storage Costs | 8,803.83 | 8,803.83 |
| Rent and Rates | 122,357.69 | 122,357.69 |
| Campus Cleaning Costs | 111,200.95 | 111,200.95 |
| Continuity Payments | 34,005.65 | 34,005.65 |
| Insurance | 75,862.59 | 75,862.59 |
| Professional Services | 47,930.60 | 47,930.60 |
| Marketing | 25,621.89 | 25,621.89 |
| Student Bursary Payments | 250,708.86 | 250,708.86 |
| Printing, Stationery and Postage | 17,499.60 | 17,499.60 |
| Estates & Maintenance | 312,179.53 | 312,179.53 |
| Sundry Expenses | 1,502.09 | 1,502.09 |
| Barclaycard Credit Card Payments | 16,229.33 | 16,229.33 |
| | (1,437,679.85) | (1,437,679.85) |
| TRADING SURPLUS/(DEFICIT) | 364,391.79 | 364,391.79 |

**West Kent & Ashford College Trading As: West Kent & Ashford College
(In Administration)
Joint Education Administrators' Summary of Receipts & Payments**

| Statement of Affairs £ | | From 16/08/2019 To 15/02/2020 £ | From 16/08/2019 To 15/02/2020 £ |
|------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| | FIXED CHARGE ASSETS | | |
| 28,900,000.00 | Land & Buildings - Main Campus | NIL | NIL |
| 67,000.00 | Finance Lease Assets | NIL | NIL |
| | ASSET REALISATIONS | | |
| 466,000.00 | Book debts | 7,647.00 | 7,647.00 |
| | Business Rates Refunds | 9,354.93 | 9,354.93 |
| 190,000.00 | Cash at Bank | 186,501.30 | 186,501.30 |
| | Interest Gross | 2,118.28 | 2,118.28 |
| 1,647,000.00 | Land & Buildings | NIL | NIL |
| 566,000.00 | Plant & Machinery | NIL | NIL |
| 50,000.00 | Stock | NIL | NIL |
| | Trading Surplus/(Deficit) | 364,391.79 | 364,391.79 |
| | | 570,013.30 | 570,013.30 |
| | COST OF REALISATIONS | | |
| | Bank Charges | 2,696.43 | 2,696.43 |
| | EA Consultant Costs | 13,760.10 | 13,760.10 |
| | EA's Agents' Fees & Disbs | 53,335.19 | 53,335.19 |
| | EA's Legal Fees & Disbs | 49,194.04 | 49,194.04 |
| | EA's PR Costs | 5,505.00 | 5,505.00 |
| | Pre-appointment Agents' Fees | 16,282.00 | 16,282.00 |
| | Stationery & Postage | 2,810.40 | 2,810.40 |
| | Statutory Advertising | 97.20 | 97.20 |
| | Suspense account | 365.01 | 365.01 |
| | | (144,045.37) | (144,045.37) |
| 31,886,000.00 | | 425,967.93 | 425,967.93 |
| | REPRESENTED BY | | |
| | Floating Current Account | | 164,463.00 |
| | Input VAT | | 261,504.93 |
| | | | 425,967.93 |

TO ALL CREDITORS**3 March 2020**

Our Ref 00317793/WMT/DF/C3

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

Dear Madams/Sirs

The Corporation of West Kent and Ashford 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 16 August 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 16 August 2019 to 15 February 2020 ("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 6 February 2020. 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 1 August 2014 under section 15 of the Further and Higher Education Act 1992 with its UKPRN being 10007419. Its primary educational sites are at Brook Street, Tonbridge, Kent, TN9 2PW ("the Tonbridge Campus") and at Elwick Road, Ashford, Kent, TN23 1NN ("the Ashford Campus"), with two further smaller sites in Ashford.

On 6 August 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 005255 of 2019.

At a hearing held on 16 August 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£8.9 million have been received and payments totalling c£8.6 million 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£187k. These funds were subsequently transferred to the Education Administration bank account.

Prior to the JEAs' appointment the College had received Exceptional Financial Support and Emergency Funding from the Education and Skills Funding Agency totalling £3.79 million, the last payment being £200,000 and received in the week commencing 15 July 2019.

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 ESFA receipts have been used by the College in the Education Administration to support the ongoing provision of education services.

As at 15 February 2020, funds totalling c£7 million had been received from the ESFA.

The contract with the ESFA requires that, for certain elements of funding provided, there is a requirement to deliver a set minimum amount of education provision. Should this minimum amount not be achieved by the College, some of the income received in the Education Administration to date may be subject to 'claw back' by the ESFA. We continue to monitor the expected delivery of education and we will provide an update on the likelihood of a 'claw back' in our future progress reports.

Non ESFA education income

Education related receipts totalling £772k have been received in the Reporting Period from third parties other than the ESFA. The contract with the GLA requires that, for the funding provided, there is a requirement to deliver an amount of education provision. Should this amount not be achieved by the College, some of the income received in the Education Administration to date may be subject to 'claw back' by the GLA. We continue to monitor the expected delivery of education and we will provide an update on the likelihood of a 'claw back' in our future progress reports.

Student course fee income

During the Reporting Period, bank transfer payments totalling £433k have been received directly from students and sponsoring employers in payment of course registration fees.

Commercial income

Funds totalling £191k have been received in the Reporting Period in relation to transactions made using the College's various bank card payment terminals.

These monies predominantly relate to payments received at the Artisan restaurant at the Tonbridge Campus, the staff and student canteens, the hair and beauty salon, the library and the photography shop.

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

Income from schools

Income totalling £403k has been received in the Reporting Period in relation to services provided by the College to local schools. The majority of this income has been paid in advance for the full academic year by the schools.

Should the Proposed Merger Transactions complete mid-academic year, the elements of this income that relate to the remainder of the academic year are likely to be payable to the acquiring party.

Other income

Other income relates to cash and cheques received by the College during the Reporting Period. This is not separately categorised for the purpose of the receipts and payments account. Aggregate funds received during the Reporting Period total c£97k which relate to the commercial income activities detailed above and cash and cheque payments received from students for course registration fees.

Payments

The largest element of the payments made in the Education Administration relate to staffing costs, including payroll costs of c£3.6 million, PAYE and National Insurance Contributions totalling c£936k, pension contributions and staff benefits of c£1.2 million.

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 overleaf.

| Cost | Amount (£) | Narrative |
|------------------------------------|-------------------|--|
| Go Train - Continuity Payments | 262,540 | Payment of a liability that pre-dated the Order in order to ensure the continued provision of education services by a key subcontractor. |
| Education Services | 134,494 | Costs specific to the ongoing provision of education to the learners including subscriptions, education related systems and equipment and third party suppliers. |
| Training Providers and Exam Boards | 538,745 | Costs relating to continued provision of education services from third party suppliers and exam boards. |
| Catering Supplies | 155,951 | Third party costs relating to the operation of the staff and student canteen facilities. |
| Consultants and Agency Costs | 201,652 | Payments made to third parties for the services of temporary staff required by the College. |
| Estates and Maintenance | 312,180 | The majority of these costs relate to the necessary relocation of the education provision to ensure that studies could continue to be provided. These costs also include the necessary costs of ensuring that the College properties are fit for purpose and can safely be used by the staff and learners. |
| Continuity Payments | 34,006 | Payments made to certain creditors deemed critical to preserve the continued operation of the College and to meet the objective of the Education Administration. |
| Professional Services | 47,931 | Costs of services provided by third party professionals such as payroll services and media support. |
| Student Bursary Payments | 250,709 | Payments made out of funds received from the ESFA specifically with the intended purpose of providing funding to students. |

Please note that within the R&P account, there are a number of reallocations, both in respect of income and expense accounts, which have occurred since last reported in the

Proposals. It is important to understand that these are simply re-categorisations between accounts and not reductions in income or costs.

Grant Funding

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

Whilst no grant funding was received during the Reporting Period, the JEAs recently made their first request to drawdown on the Grant in order to meet operational and other costs of the Education Administration. Following this request, funding of £675,000 was received by the College on 18 February 2020 to enable the College to meet its operational needs and certain costs of the Education Administration during February.

The JEAs will make further monthly requests to drawdown on the Grant in order to provide the funding that the College needs during 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.

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 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.

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 remaining Preferred Bidders.

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

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

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 acquisition by Capel Manor College of Hadlow's campus at Mottingham was completed on 1 January 2020. Due to the relatively small size of this acquisition and

early completion of due diligence, it was possible to complete this transaction without impacting upon the other Proposed Merger Transactions.

The JEAs have progressed the due diligence process with the remaining 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 ("the Bank"), 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, separately to the mergers, for the benefit of the Education Administration.

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, BDO LLP's Forensic Services team was engaged by the JEAs in their capacity as Education Administrators of Hadlow to carry out focussed forensic investigation work into the affairs of Hadlow and where relevant 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

The College has the following creditors with security:

| Name | Charge date | Security details |
|-------------------------|--------------------|---|
| Barclays Bank PLC | 14 May 2014 | Fixed charge over land on the north side of Elwick Road, Ashford |
| Barclays Bank PLC | 14 May 2014 | Fixed charge over West Kent College, Brook Street, Tonbridge |
| Ashford Borough Council | 14 October 2016 | Second fixed charge over land on the north side of Elwick Road, Ashford |

At the date of the JEAs' appointment, the Bank was owed c.£13.2 million in respect of three loans and ABC was owed c.£1.1 million in respect of a loan.

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£108 million, including £86 million of deferred capital grants, at the date of the Order.

To date, we have received 64 claims, totalling c£5 million, 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 what prospective buyers of the education provision offer to pay.
4. The costs of the Education Administration are payable in priority to the claims of creditors.
5. The costs of the Education Administration are expected to be addressed from the Grant 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 Pre appointment accrued costs of the Education Administration

Certain costs were incurred in preparing and planning for the Education Administration and were disclosed to creditors in the Proposals in accordance with rule 3.8(10)(a) of TEAR 2018. Allowable costs fall into the following categories:

- (i) the fees charged by the JEAs;
- (ii) the expenses incurred by the JEAs; and
- (iii) the fees charged (to the JEAs' knowledge) by any other person qualified to act as an insolvency practitioner.

Under rule 3.8(10)(a) of TEAR 2018, the table below summarises the outstanding costs and also, where relevant, records payments received, all net of VAT.

| | Costs Incurred (£) | Payments Received (£) | Costs Outstanding (£) |
|--------------|--------------------|-----------------------|-----------------------|
| (i) | 222,997 | Nil | 222,997 |
| (ii) | 35,775 | 16,282 | 19,493 |
| (iii) | Nil | Nil | Nil |
| TOTAL | 258,772 | 16,282 | 242,490 |

Under the provisions of rule 6.11 of TEAR 2018, the JEAs must make an application to the Court for approval of their pre-appointment costs. Creditors will be given fourteen days' notice of any such application and may make representations if they wish which will be reported to the Court as part of the application. We anticipate an application to Court for approval will be made in due course.

A detailed explanation of the incurred pre-appointment costs is included within the Proposals.

9 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") have been providing legal support to the JEAs. The JEAs have required this for a number of reasons, summarised briefly below:

- This is only the second Education Administration under new legislation, the first being the Education Administration of Hadlow, and there are still few precedents;
- There were several ongoing pre-appointment legal matters which were integral to the JEAs ability to continue to operate the College with minimal disruption to learners and therefore 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; and
- The Proposed Merger Transactions add additional complexity due to the involvement of both Hadlow and the College in each transaction and that there are multiple acquiring parties. As such, the JEAs require substantial legal support and advice with regard to these progression of these proposed transactions.

A small payment has also been made to another firm of solicitors, Whitehead Monkton Ltd, for advice provided on the renewal of a lease.

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 ensure that appropriate insurance cover remained in place and to conduct health and safety reviews across the College campuses.

Agents Fees - Savills UK, Peter Marsh Consulting Limited, Lambert Smith Hampton and Crossley Consult 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.

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.

Lambert Smith Hampton and Crossley Consult Limited were engaged to assess, arrange and monitor urgent rectification works that were needed to the glass atrium and staircase at the Ashford Campus.

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.

Educational Consultants

A number of educational consultants have been engaged to assist the JEAs with educational strategy and planning.

10 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 £520,804 have been incurred, which represents 2,835 hours spent at an average rate of £183.73 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.

11 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.

12 Other matters

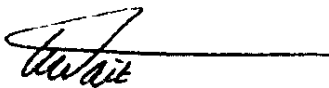
The JEAs are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>.

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.

Yours faithfully
For and on behalf of
The Corporation of West Kent and Ashford 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 and fee estimate to 5 June 2020
- Appendix 4: BDO LLP Policy in respect of fees and disbursements
- Appendix 5: Schedule of the JEAs' pre and post appointment accrued costs
- Appendix 6: Proof of debt form

**West Kent & Ashford College Trading As: West Kent & Ashford College
(In Administration)
Joint Education Administrators' Trading Account**

| Statement of Affairs £ | From 16/08/2019 To 15/02/2020 £ | From 16/08/2019 To 15/02/2020 £ |
|------------------------------------|---------------------------------------|---------------------------------------|
| POST APPOINTMENT SALES | | |
| ESFA Funding | 6,956,536.67 | 6,956,536.67 |
| Non-ESFA Education Funding | 771,896.64 | 771,896.64 |
| Other income | 96,527.29 | 96,527.29 |
| Student Direct Debits | 433,337.71 | 433,337.71 |
| Commercial Income | 190,518.81 | 190,518.81 |
| Income from schools | 402,969.96 | 402,969.96 |
| | 8,851,787.08 | 8,851,787.08 |
| COST OF SALES | | |
| WKAC Payroll | 3,561,615.05 | 3,561,615.05 |
| Payroll - Pension & Staff Benefits | 1,164,960.79 | 1,164,960.79 |
| Payroll - HMRC payments | 936,524.33 | 936,524.33 |
| Leases | 76,072.10 | 76,072.10 |
| Education Services | 134,493.93 | 134,493.93 |
| IT Services | 126,992.07 | 126,992.07 |
| Go Train - Continuity Payments | 262,539.84 | 262,539.84 |
| Equipment | 73,030.78 | 73,030.78 |
| Training Providers & Exam Boards | 538,744.80 | 538,744.80 |
| Merchant Services | 9,461.39 | 9,461.39 |
| Light and Power | 9,329.78 | 9,329.78 |
| Catering Supplies | 155,950.58 | 155,950.58 |
| | (7,049,715.44) | (7,049,715.44) |
| TRADING EXPENSES | | |
| Student Supplies | 20,752.61 | 20,752.61 |
| Student Refunds | 9,317.88 | 9,317.88 |
| Consultants & Agency Costs | 201,651.62 | 201,651.62 |
| Utilities | 182,055.13 | 182,055.13 |
| Storage Costs | 8,803.83 | 8,803.83 |
| Rent and Rates | 122,357.69 | 122,357.69 |
| Campus Cleaning Costs | 111,200.95 | 111,200.95 |
| Continuity Payments | 34,005.65 | 34,005.65 |
| Insurance | 75,862.59 | 75,862.59 |
| Professional Services | 47,930.60 | 47,930.60 |
| Marketing | 25,621.89 | 25,621.89 |
| Student Bursary Payments | 250,708.86 | 250,708.86 |
| Printing, Stationery and Postage | 17,499.60 | 17,499.60 |
| Estates & Maintenance | 312,179.53 | 312,179.53 |
| Sundry Expenses | 1,502.09 | 1,502.09 |
| Barclaycard Credit Card Payments | 16,229.33 | 16,229.33 |
| | (1,437,679.85) | (1,437,679.85) |
| TRADING SURPLUS/(DEFICIT) | 364,391.79 | 364,391.79 |



The Corporation of West Kent and Ashford College - In Education Administration

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.

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, in accordance with Part 5 of TEAR 2018, 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/or
 - b. either that The Corporation of West Kent & Ashford 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 WEST KENT AND ASHFORD COLLEGE - IN EDUCATION ADMINISTRATION
Detailed Time Charged and Rates Applicable for the Period from 16 August 2019 (date of Education Administration) to 14 February 2020

| 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. Steps on Appointment | | | | | | | | | | | | | | |
| 02. Statutory Documentation | 18.25 | 5,840.20 | 7.80 | 1,721.80 | 11.90 | 2,217.20 | | | 12.60 | 1,620.20 | 50.55 | 11,401.20 | 225.54 | |
| 05. Initial Reviews | | | | | | | | | 1.05 | 133.35 | 1.05 | 133.35 | 127.00 | |
| 06. Third Party Discussions | | | 4.30 | 950.30 | | | | | | | 4.30 | 950.30 | 221.00 | |
| 07. Attendance at Premises | | | | | | | | | 1.70 | 215.90 | 1.70 | 215.90 | 127.00 | |
| 08. Detail Documentation Review | 2.75 | 880.20 | | | 5.35 | 1,005.80 | | | 2.70 | 342.90 | 3.70 | 563.90 | 152.41 | |
| 99. Other Matters | | | | | | | | | | | 19.35 | 3,697.05 | 191.06 | |
| B. Sub Total - Steps on Appointment | 21.00 | 6,720.00 | 13.10 | 2,895.10 | 17.25 | 3,243.00 | | | 18.05 | 2,292.35 | 80.65 | 16,961.70 | 210.31 | |
| C. Planning and Strategy | | | | | | | | | | | | | | |
| 01. History Performance Review | | | 0.60 | 132.60 | | | | | | | 0.60 | 132.60 | 221.00 | |
| 02. Review Financial Position | | | | | | | | | 1.80 | 228.60 | 1.80 | 228.60 | 127.00 | |
| 03. Review Bus. Process Systems | | | 0.55 | 121.55 | 0.80 | 150.40 | | | 1.75 | 222.25 | 3.10 | 494.20 | 159.42 | |
| 06. Meet Appointees/Committees | 23.50 | 7,520.00 | | | | | | | | | 23.50 | 7,520.00 | 320.00 | |
| 07. Strategy Planning | 50.25 | 16,580.00 | 66.55 | 14,707.55 | 25.15 | 4,728.20 | | | 62.25 | 7,905.75 | 217.05 | 45,490.35 | 209.58 | |
| C. Sub Total - Planning and Strategy | 73.75 | 23,600.00 | 67.70 | 14,961.70 | 25.95 | 4,878.60 | | | 65.80 | 8,356.60 | 246.05 | 53,865.75 | 218.92 | |
| D. General Administration | | | | | | | | | | | | | | |
| 01. Insurance Matters | | | 1.50 | 331.50 | 27.45 | 5,160.60 | | | 0.50 | 61.50 | 58.35 | 10,208.50 | 174.95 | |
| 02. VAT | | | 0.10 | 22.10 | | | | | 4.00 | 508.00 | 17.60 | 2,703.60 | 153.61 | |
| 03. Taxation | | | 0.50 | 110.50 | | | | | | | 0.50 | 110.50 | 221.00 | |
| 04. Instruct/Liaise Solicitors | | | 3.35 | 740.35 | | | | | | | 4.55 | 931.55 | 205.18 | |
| 05. Investigations | | | 0.45 | 99.45 | | | | | 21.25 | 2,698.75 | 21.70 | 2,798.20 | 128.95 | |
| 06. Conduct Reports | 11.25 | 3,600.20 | 1.55 | 342.55 | 0.20 | 37.60 | | | | | 19.50 | 5,026.65 | 257.78 | |
| 07. Receipts/Payments Accounts | 4.15 | 1,328.20 | 7.10 | 1,569.10 | 20.15 | 3,788.20 | | | 137.85 | 12,157.35 | 180.95 | 20,728.35 | 114.54 | |



THE CORPORATION OF WEST KENT AND ASHFORD COLLEGE - IN EDUCATION ADMINISTRATION
Detailed Time Charged and Rates Applicable for the Period from 16 August 2019 (date of Education Administration) to 14 February 2020

| 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 £ |
| F. Trading Related Matters | | | | | | | | | | | | | | |
| 01. Establish Business Control | - | - | 1.20 | 265.20 | 0.50 | 94.00 | - | - | 2.45 | 311.15 | 4.15 | 670.35 | 4.15 | 161.53 |
| 02. Trading/other Projections | - | - | 0.10 | 22.10 | - | - | 0.50 | 80.50 | 1.30 | 165.10 | 1.90 | 267.70 | 1.90 | 140.89 |
| 03. Cashflow Forecasts | - | - | 55.65 | 12,298.65 | 10.70 | 2,011.60 | 7.00 | 1,127.00 | 13.45 | 1,708.15 | 86.80 | 17,145.40 | 86.80 | 197.53 |
| 05. Attendance at Premises | - | - | 0.30 | 66.30 | - | - | - | - | 0.25 | 31.75 | 0.55 | 98.05 | 0.55 | 178.27 |
| 06. Monitor/Supervise Trading | 75.55 | 24,176.00 | 129.05 | 28,520.05 | 1.50 | 282.00 | 221.95 | 35,733.95 | 156.65 | 19,894.55 | 584.70 | 108,606.55 | 185.75 | 185.75 |
| 07. Business Management | 2.00 | 640.00 | 36.10 | 7,978.10 | 0.60 | 112.80 | - | - | 59.65 | 7,575.55 | 98.35 | 16,306.45 | 98.35 | 165.80 |
| 08. Trading Accounts | 15.50 | 4,960.00 | 7.15 | 1,580.15 | 0.50 | 94.00 | 12.40 | 1,996.40 | 17.10 | 2,171.70 | 52.65 | 10,802.25 | 52.65 | 205.17 |
| 99. Other Matters | - | - | - | - | - | - | - | - | 12.55 | 1,593.85 | 12.55 | 1,593.85 | 12.55 | 127.00 |
| F. Sub Total - Trading Related Matters | 93.05 | 29,776.00 | 229.55 | 50,730.55 | 13.80 | 2,594.40 | 241.85 | 38,937.85 | 263.40 | 33,451.80 | 841.65 | 155,490.60 | 841.65 | 184.74 |
| G. Employee Matters | | | | | | | | | | | | | | |
| 01. Dealing with Trade Unions | 2.00 | 640.00 | - | - | 2.55 | 479.40 | - | - | - | - | 4.55 | 1,119.40 | 4.55 | 246.02 |
| 02. Dealing with Employees | 16.75 | 5,360.00 | 11.55 | 2,952.55 | 48.70 | 9,155.60 | - | - | 3.55 | 450.85 | 80.55 | 17,519.00 | 80.55 | 217.49 |
| 04. Pension Issues | - | - | 6.28 | 1,386.78 | 3.70 | 695.60 | 2.25 | 339.75 | 7.80 | 906.60 | 20.03 | 3,328.73 | 20.03 | 166.23 |
| 99. Other Matters | - | - | - | - | 3.30 | 620.40 | 0.60 | 96.60 | 3.25 | 412.75 | 7.15 | 1,129.75 | 7.15 | 158.01 |
| G. Sub Total - Employee Matters | 18.75 | 6,000.00 | 17.83 | 3,939.33 | 58.25 | 10,951.00 | 2.85 | 436.35 | 14.60 | 1,770.20 | 112.28 | 23,096.88 | 112.28 | 205.72 |
| H. Creditor Claims | | | | | | | | | | | | | | |
| 02. Secured Creditor | 2.75 | 880.00 | 6.30 | 1,392.30 | - | - | - | - | - | - | 9.05 | 2,272.30 | 9.05 | 251.08 |
| 04. Non-preferential Creditors | - | - | 3.95 | 872.95 | 1.95 | 366.60 | 0.65 | 85.15 | 53.15 | 6,203.25 | 59.70 | 7,527.95 | 59.70 | 126.10 |
| H. Sub Total - Creditor Claims | 2.75 | 880.00 | 10.25 | 2,265.25 | 1.95 | 366.60 | 0.65 | 85.15 | 53.15 | 6,203.25 | 68.75 | 9,800.25 | 68.75 | 142.55 |



THE CORPORATION OF WEST KENT AND ASHFORD COLLEGE - IN EDUCATION ADMINISTRATION
 Detailed Time Charged and Rates Applicable for the Period from 16 August 2019 (date of Education Administration) to 14 February 2020

| Description | Partner | | Director | | Senior Manager | | Manager | | Senior Administrator | | Grand Total | | Average rate | |
|--------------------------------------|---------------|-------------------|---------------|-------------------|----------------|------------------|---------------|------------------|----------------------|-------------------|-----------------|-------------------|---------------|----------|
| | Hrs | Total £ | Hrs | Total £ | Hrs | Total £ | Hrs | Total £ | Hrs | Total £ | Hrs | Total £ | Total £ | Total £ |
| I. Reporting | | | | | | | | | | | | | | |
| 01 Statutory Reporting | 5.00 | 1,600.00 | | | | | | | | | | | | |
| 02 Reporting to Appointer | 21.70 | 6,944.00 | 48.60 | 10,740.60 | 10.25 | 1,927.00 | 0.50 | 80.50 | 6.50 | 817.50 | 11.50 | 2,411.50 | 209.70 | |
| 04 Reporting to Creditors | 1.50 | 480.00 | 34.70 | 7,668.70 | 31.25 | 5,875.00 | 7.90 | 1,190.90 | 24.35 | 3,092.45 | 105.40 | 22,784.55 | 216.17 | |
| 05 Reporting to Court | | | 1.30 | 287.10 | 2.10 | 394.80 | | | 2.00 | 254.00 | 85.10 | 16,075.85 | 188.91 | |
| 06 Reporting to other bodies | 6.00 | 1,920.00 | 27.65 | 4,784.65 | 1.15 | 216.20 | 0.80 | 128.80 | 20.00 | 2,540.00 | 5.40 | 916.10 | 173.35 | |
| I. Sub Total - Reporting | 34.20 | 10,944.00 | 106.25 | 23,481.25 | 44.75 | 8,413.00 | 9.20 | 1,400.20 | 62.60 | 7,559.20 | 257.00 | 51,797.65 | 201.55 | |
| J. Distribution & Closure | | | | | | | | | | | | | | |
| 01. Closing Planning | | | | | | | | | | | | | | |
| J. Sub Total | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 324.40 | 101,808.00 | 769.93 | 170,153.41 | 377.05 | 70,885.40 | 146.75 | 55,622.75 | 1,016.53 | 120,334.28 | 2,834.65 | 520,803.85 | 183.73 | |

Net Total **£520,803.85**



The table above is a summary of the JEAs' remuneration, on a time costs basis, from the date of appointment, 16 August 2019, to 14 February 2020. The table below is our estimate of the JEAs' remuneration on a time costs basis for this appointment to 5 June 2020.

Fee Estimate to 5 June 2020

| JEAs' time costs (excl. VAT) | Total Hours | Blended Rate £ | Estimated Total Fee £ | Accrued Fee £ |
|----------------------------------|-----------------|-------------------|--------------------------|------------------|
| Summary Activity | | | | |
| B. Steps on Appointment | 80.65 | 210.31 | 16,962 | 16,962 |
| C. Planning and Strategy | 347.05 | 227.07 | 78,806 | 53,866 |
| D. General Administration | 1,087.88 | 165.86 | 180,438 | 85,438 |
| E. Assets Realisation/Management | 650.90 | 203.28 | 132,318 | 124,353 |
| F. Trading Related Matters | 1,037.65 | 183.81 | 190,728 | 155,491 |
| G. Employee Matters | 320.19 | 183.34 | 58,701 | 23,097 |
| H. Creditor Claims | 90.25 | 145.94 | 13,171 | 9,800 |
| I. Reporting | 295.14 | 202.91 | 59,885 | 51,798 |
| J. Distribution and Closure | 145.00 | 179.10 | 25,969 | - |
| TOTAL | 4,054.70 | 186.69 | 756,977 | 520,804 |

In the following pages we provide a summary of the work we have and will complete.

A Pre Appointment

Work undertaken in pre-appointment was disclosed in section 8 above and 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 is led by one of the JEAs in conjunction with directors and senior managers, with some support below manager level where appropriate. This is a critical area of our work and fundamental to achieving the statutory objective of the Education Administration, as we operate against a backdrop of new legislation and a complex sales process requiring the knowledge, experience and skill of our wider senior team as we navigate often unprecedented issues and situations.

D General Administration

General administration covers a wide range of categories 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 requires a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and is largely delegated 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 requires a greater level of commercial experience and insolvency knowledge, than the general administration category of work, together with decision making skills. As such, this is 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 is key to providing stability and achieving the objective of the Education Administration. Consequently, this requires a significant number of hours across all grades of seniority. This work is 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.440 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 is 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. Whilst the outcome for creditors is not confirmed we will not undertake any verification on creditor claims.

This work is primarily completed by 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 is 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 is 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 not incurred time costs in respect of this category of work. However, future work will take account of the following:

- The route by which the Education Administration is finalised, being dependent upon the completion of the Proposed Merger Transactions, or alternative solution, and what other assets will remain;
- Any distributions;
- The requirement for the JEAs to apply to Court, with the approval of the Secretary of State for Education to finalise the Education Administration; and
- Preparation of a final report to creditors together with a Receipts & Payments Account, analysis of time costs accrued, completing all administrative arrangements including storage of any records for statutory periods and filing final statutory documentation.

The work is supervised by directors and senior managers and final decisions and release of funds is authorised by the JEAs. The majority of these activities do not contribute to the financial outcome for the creditors. The formalities of bringing an insolvency to a close are statutory requirements.



The Corporation of West Kent and Ashford 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
3 March 2020



Schedule of the Joint Education Administrators' pre and post appointment accrued costs



The Corporation of West Kent and Ashford College - In Education Administration

Schedule of accrued pre and post appointment expenses (net of VAT)

| Advisor | Incurred in the period to 15 February 2020 | Paid in the period to 15 February 2020 | Outstanding as at 15 February 2020 |
|--|--|--|------------------------------------|
| Pre-appointment | | | |
| Womble Bond Dickinson LLP | £19,493 plus VAT | Nil | £19,493 plus VAT |
| Peter Marsh Consulting Limited | £16,282 plus VAT | £16,282 plus VAT | Nil |
| Total pre-appointment expenses | £35,775 plus VAT | £16,282 plus VAT | £19,493 plus VAT |
| Post appointment | | | |
| Brachers LLP | £22,021 plus VAT | £15,592 plus VAT | £6,429 plus VAT |
| Womble Bond Dickinson LLP | £64,170 plus VAT | £32,002 plus VAT | £32,168 plus VAT |
| Whitehead Monckton LLP | £2,000 plus VAT | £2,000 plus VAT | Nil |
| AON Risk Solutions (Insurance/Bond) | £79,893 | £76,063 | £3,830 |
| AON Risk Solutions (Health and Safety) | £5,740 plus VAT | Nil | £5,740 plus VAT |
| Savills UK | £33,498 plus VAT | £33,498 plus VAT | Nil |
| Peter Marsh Consulting Limited | £14,393 plus VAT | £14,393 plus VAT | Nil |
| Lambert Smith Hampton | £6,146 plus VAT | £5,146 plus VAT | £1,000 plus VAT |
| Headland PR Consultancy LLP | £6,323 plus VAT | £5,505 plus VAT | £818 plus VAT |
| TJE Consulting | £1,156 | £1,156 | Nil |
| FE Partnerships | £3,340 | £3,340 | Nil |
| Barbara Jones | £3,380 | £3,380 | Nil |



| | | | |
|--|---------------------------|---------------------------|--------------------------|
| Fusion Project Management Limited | £2,470 plus VAT | £2,378 plus VAT | £92 plus VAT |
| ADF Accounts | £3,773 | £3,506 | £267 |
| Crossley Consult Limited | £1,800 plus VAT | Nil | £1,800 plus VAT |
| Licensed Solutions | £298 plus VAT | £298 plus VAT | Nil |
| Total post appointment expenses | £250,401 plus VAT* | £198,257 plus VAT* | £52,144 plus VAT* |

* Where VAT applicable

Note:

Several of these consultants have also provided services to the College in an operational capacity. These operational costs, whilst paid by the College, are not included in the above table as the costs would necessarily be incurred by the College regardless of the Education Administration.

Proof of debt/claim form

The Corporation of West Kent and Ashford College - In Education Administration
Debt as at the date of the appointment of the Joint Education Administrators: 16 August 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) _____ | |