

AM03

Notice of administrator's proposals



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1 Company details

Company number F E 0 0 0 0 0 1
Company name in full West Kent & Ashford College

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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 Baker Street
Street London
Post town W1U 7EU
County/Region
Postcode
Country

4 Administrator's name ①

Full forename(s) Francis Graham
Surname Newton

① Other administrator
Use this section to tell us about another administrator.

5 Administrator's address ②

Building name/number Central Square
Street 29 Wellington Street
Post town Leeds
County/Region
Postcode L S 1 4 D L
Country

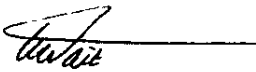
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Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals

I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature	Signature ✕  ✕												
Signature date	<table border="1"><tr><td>d</td><td>d</td><td>m</td><td>m</td><td>y</td><td>y</td></tr><tr><td>1</td><td>1</td><td>0</td><td>2</td><td>2</td><td>0</td></tr></table>	d	d	m	m	y	y	1	1	0	2	2	0
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AM03 Notice of Administrator's Proposals

Presenter information

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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.

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 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
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- 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	Dartnail

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	



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

Statement of Proposals

under paragraph 49 of Schedule B1 to the Insolvency Act 1986 as modified by paragraph 13 of
Schedule 3 to the Technical and Further Education Act 2017

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THE CORPORATION OF WEST KENT AND ASHFORD COLLEGE - IN EDUCATION ADMINISTRATION
Registered office situated at BDO LLP, 55 Baker Street, London, W1U 7EU

In the High Court of Justice
Business and Property Courts of England and Wales
Insolvency and Companies List (ChD)
Court Ref: 005255 of 2019

1. Introduction and why this document has been prepared

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 Corporation of West Kent and Ashford College ("the College") into Education Administration. At a hearing held on 16 August 2019, the Court handed down such an order ("the Order") placing the College into Education Administration and appointing Matthew Tait, Graham Newton and Danny Dartnail as Joint Education Administrators ("the JEAs").

Full details of the JEAs are as follows:

William Matthew Humphries Tait (officeholder number: 9564) of BDO LLP, 55 Baker Street, London, W1U 7EU, licensed and authorised by the Institute of Chartered Accountants in England & Wales in the UK;

Francis Graham Newton (officeholder number: 9310) of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL, licensed and authorised by the Insolvency Practitioners Association in the UK; and

Danny Nicolaas William Dartnail (officeholder number: 10110) of BDO LLP, Level 12, Thames Tower, Reading, Berkshire, RG1 1LX, licensed and authorised by the Institute of Chartered Accountants in England & Wales in the UK.

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.

This is the second Education Administration of a further education college following the introduction of new legislation, The Technical and Further Education Act 2017 ("TFEA 2017") supported by The Education Administration Rules 2018 ("TEAR 2018"). Certain parts of the Insolvency Act 1986 ("IA86") have also been adopted by TFEA 2017.

In this document I explain why the Order was granted placing the College into Education Administration. I also provide a brief history and summary of the events leading up to our appointment and set out the JEAs' proposals ("the Proposals") for achieving the objective of the Education Administration.

I also include details of the College's assets and liabilities and explain the likely outcome for each class of creditor.

The College and another local further education college, Hadlow College ("Hadlow"), shared a senior management team and certain other resources and operated, informally, as a group known as the Hadlow Group. Hadlow is a separate legal entity and was placed into Education Administration on 22 May 2019; it has the same individuals as JEAs as the College. As the progress of each of these two Education Administration processes is interlinked, Hadlow is referenced at various times in this report. However, it is important to note that this report relates only to the Education Administration of West Kent and Ashford College and does not provide a full account of matters relating to Hadlow. A similar set of Education Administration proposals relating to Hadlow was provided to the creditors of Hadlow on 1 November 2019.

2. The objective of the Education Administration

The objective of an Education Administration, as stated at s.16 TFEA 2017, is to:

- (a) avoid or minimise disruption to the studies of the existing students of the further education body as a whole; and
- (b) ensure that it becomes unnecessary for the body to remain in education administration for that purpose.

The means by which the JEAs may achieve that objective include:

- (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.

At this stage, I expect that the objective will be achieved by transferring all of the College's undertaking to another body or bodies that will be either a designated further education institution or a further education corporation as defined by s.5 TFEA 2017.

Under s.24 (4) TFEA 2017, the JEAs must also carry out their functions in a way that achieves the best result for the College's body of creditors as a whole, but only so far as that is consistent with the objective of the Education Administration as detailed above.

The Education Administration therefore differs from an Administration where the Administrator(s) must perform their functions in the interest of the creditors as a whole in achieving the objective. The prioritisation of the learner protection objective over the JEAs' other functions is of paramount importance with regard to the realisation of the College's assets. Further explanation on this point is provided in section 7 of this report.

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/technical/insolvency/sips-regulations-and-guidance>.

3. Brief history of events leading up to the appointment of the Joint Education Administrators

The College is a body corporate established on 1 August 2014 under s.15 of the Further and Higher Education Act 1992. It operates primarily as a further education college, providing general vocational courses and academic qualifications, with some higher education provision. It has c.3,000 students in total and has two main sites at Brook Street, Tonbridge, Kent, TN9 2PW ("the Tonbridge Campus") and at Elwick Road, Ashford, Kent, TN23 1NN ("the Ashford Campus"). Education provision is also delivered at further sites in Ashford at Wotton Road, Ashford, Kent, TN23 6JS ("the Wotton Road Campus") and at Ashford Barracks, Maidstone Road, Ashford, Kent.

The College held a 100% share interest in Rosemary Shrager's Cookery School In Partnership With Hadlow Group Limited. This subsidiary ceased to trade shortly prior to the College entering Education Administration and, subsequently, appointed Liquidators on 4 September 2019.

On 27 June 2018, BDO LLP was engaged by the College acting by its governing board to undertake an independent financial review of the College's historical, current and forecast financial position. The purpose was to provide support to the College in

developing its application to the Department for Education's ("the DfE") Transactions Unit (now part of the DfE's Provider Market Oversight - "PMO"), for funding for a merger with Hadlow. This work could not be concluded as senior management, holding office at that time, were unable to provide relevant information and explanation to BDO's satisfaction. An application to the Transaction Unit was produced by the College on its own account and was subsequently rejected in December 2018. An intervention report prepared by the Further Education Commissioner ("the FEC") advised that this was due to concerns about the assumptions used by the College in its financial models and a lack of transparency regarding certain transactions.

In late February 2019 the College's Principal and Deputy Principal resigned, followed shortly thereafter by a number of the board of governors of each of the College and Hadlow. This included each of the chairpersons.

An Interim Principal and Interim CFO were appointed to manage the day to day operations of each of the two colleges and separate chairpersons were appointed to each of the board of governors.

On 6 February 2019, the College approached the Education and Skills Funding Agency ("the ESFA") to request Exceptional Financial Support. Over the course of the next 6 months the ESFA provided the College with £3.79 million of exceptional funding to allow for an assessment of the College's financial position and establish whether it was financially viable in its present form.

In April 2019, the FEC commenced an options review with the objective of identifying the most suitable solution for the College, both in terms of ongoing provision of education and financial sustainability. In view of the interconnectivity between the two colleges, Hadlow was included within this review.

On 30 April 2019, BDO LLP was engaged by the DfE to review the financial position of the College and prepare contingency plans in the event that it was necessary to place the College into Education Administration.

The College's balance sheet at 31 May 2019 showed net liabilities of £17.5 million and was reliant upon ongoing emergency funding from the ESFA, without which the College would not have been able to pay its debts as and when they fell due. Failure to meet its liabilities would have exposed the College to potential statutory demands, winding up petitions and other proceedings and, given the close links with Hadlow, it was considered likely that creditors would take enforcement action if debts were not paid on time.

The FEC issued his recommendations on the future of the College and Hadlow on 10 July 2019. The College's board of governors considered the recommendations and the financial position of the College. Absent an irrevocable commitment for continued emergency funding, the College would not have been able to meet its liabilities as and when they fell due. The board of governors concluded that placing the College into Education Administration would provide protection to the provision of education to existing learners whilst also being the most efficient platform to facilitate the implementation of the FEC recommendations. The board of governors therefore invited the Secretary of State for Education to make an application for the making of an Education Administration order.

On 6 August 2019, the Secretary of State for Education lodged a petition in the High Court of Justice, Business and Property Courts England and Wales, for the College to be placed into Education Administration. On 16 August 2019, the Court handed down the Order placing the College into Education Administration and appointing Matthew Tait, Graham Newton and Danny Dartnaill as JEAs.

4. Steps taken to meet the statutory objective

4.1 Consideration of objective

Prior to the appointment of the JEAs, the FEC commenced a review of options as to the securing of a financially viable and sustainable future for the College, in a manner that promoted continuity of the learning provision as a whole. The FEC identified eight further education colleges and one university that were invited to participate in this review process.

Six of those further education colleges, the university and one other college that had subsequently approached the FEC (together "the Interested Colleges") participated in the options review process as potential acquirers. This was predicated on detailed criteria which included quality of education provision, financial and geographical considerations. In order to present a counter-factual case, a separate FEC team ("the Standalone Team") was engaged to develop a financial and operational model for the continuation of the College, in substantially the same form ("the Standalone Option"). Whilst objectively a credible proposal in its own right, the Standalone Option presented a counter-factual challenge to the proposals of the Interested Colleges.

To facilitate this options review, the College created an online data room to provide both financial and non-financial information to the Interested Colleges and the Standalone Team. This information was provided to enable the Interested Colleges and the Standalone Team to prepare the necessary financial forecasts supporting the acquisition proposals.

In the engagement between BDO LLP and the DfE, dated 30 April 2019, part of the scope was to observe the FEC review process by attending various meetings with the Interested Colleges and Standalone Team and to comment on the level of detail required in the acquisition proposals. As the outcome of the FEC review would likely inform any Education Administration strategy, in particular the achievement of the learner protection objective, regular dialogue was held with the FEC throughout this process.

Following these meetings, five of the Interested Colleges continued in the options review, one of which subsequently declined to pursue an acquisition and withdrew.

Acquisition proposals were received from four of the Interested Colleges as well as a proposal from the Standalone Team. Following a period during which clarifications were sought, the FEC then made his recommendation on 10 July 2019 simultaneously to the Secretary of State, the Education Administrators of Hadlow and the College's board of governors. The FEC recommendation was based primarily upon the educational merits of the acquisition proposals and achieving a sustainable solution. The recommendation remained subject to final approval of funding by the DfE.

The FEC's recommended option was that three of the Interested Colleges ("the Preferred Bidders") acquired the assets and education provision of specific campuses of each of the College and Hadlow ("the Proposed Merger Transactions") rather than pursuing the Standalone Option. Specifically, the FEC recommended that:

- Capel Manor College should acquire Hadlow's 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 Hadlow main campus, Princess Christian's Farm and Greenwich and the College's provision/facilities at the Tonbridge Campus.

The JEAs are not bound to follow the FEC recommendation. Notwithstanding, the FEC is the independent government affiliated sector expert on educational provision and college structuring. The JEAs have taken the FEC recommendation into full account when

making their decisions as to how best to achieve the statutory objective. Having given this due consideration, including the Standalone Team's financial and operational model for the continuation of the College in substantially the same form, the JEAs are pursuing the Proposed Merger Transactions as recommended by the FEC.

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 remaining Preferred Bidders are now conducting detailed due diligence in respect of the College and Hadlow. The JEAs are also performing their own targeted due diligence exercise in relation to each of the remaining Preferred Bidders. The purpose of the JEAs' due diligence is to enable the JEAs to satisfy themselves that the Proposed Merger Transactions provide a sustainable solution for the College's education provision and minimises disruption to the studies of the existing learners.

It is anticipated that, following completion of the due diligence exercises, there will then follow a negotiation of contractual terms (including acquisition price and agreement of the assets that are to be excluded from the sale, as not being necessary for the future education provision). Culmination of the remaining Proposed Merger Transactions is not currently expected to be completed before March 2020.

4.2 Initial Actions

In the period leading up to the Order, we conducted a review of the affairs of the College with particular regard to its ongoing operational and financial requirements. The objective of this was to prepare a detailed operational strategy for an Education Administration.

The actions outlined below are not intended to be an exhaustive list, but highlight the key actions that were undertaken:

- Working with the College's senior management team, we engaged with the College's staff to keep them informed of the objective and progress of the Education Administration. The appointment date fell during the College's summer holiday period and an email was immediately sent to all staff, with members of the JEAs' team available onsite during the following week specifically to deal with any immediate questions and queries. Staff meetings were held at the Tonbridge Campus and the Ashford Campus following the start of the new academic year and there have been several further meetings held since to update staff on the progress of the most pertinent matters affecting the College, the staff and the Education Administration generally. The intention is to continue these update meetings whilst the College remains under the control of the JEAs.
- To ensure the College operations were able to continue with minimal disruption, a grant funding agreement was entered into between the JEAs and the Secretary of State for Education to provide ongoing financial support to the College, if necessary, during the Education Administration. The College's cash flow forecast was reviewed and updated for assumptions relating to the Education Administration. We continue to hold regular dialogue with, and report to, the ESFA regarding the funding needs of the College.
- The JEAs' team is based at the Tonbridge Campus and Hadlow. This team works closely with the Interim Principal, and Interim CFO as well as the main support functions of the College including the Finance team, HR team, Estates Management, Facilities Management and the Media and PR teams. As a result of these meetings and the prior interaction through the Hadlow Education Administration, the JEAs were able

to quickly gain an understanding of the most pertinent issues immediately facing the College from an operational perspective.

- The JEAs have established the Education Administration Advisory Group (“EAAG”) comprising members of the College’s and Hadlow’s leadership, the JEAs and their solicitors and two leaders in educational governance. In addition, the FEC has been invited to observe the meetings of this group. The purpose of the EAAG is to provide guidance and challenge to the JEAs and the senior management team on matters regarding the academic and operational functions of the College, in particular to identify and manage risks associated with the Education Administration, to ensure financial competency in the use of College funds during the Education Administration and to receive outputs and advice from the interim working group (see below). Whilst the EAAG has no statutory or legal standing, it was considered appropriate to implement a governance structure that meets the specific circumstances of the Education Administration and at the same time the standards expected of the further education sector. Due to the entwined nature and management of the College and Hadlow, it was considered appropriate for this to be a joint advisory group and it meets on a monthly basis.
- A separate interim working group has also been established and includes the same members of the College’s leadership team as participate in the EAAG. The working group specifically enables the College to advise the JEAs on detailed operational matters, to consider the risks associated with delivering the statutory objective and the aims of the Education Administration and to provide support and challenge to the JEAs.
- In conjunction with the College’s support teams, we wrote to all learners/students/parents/guardians (and the parents/guardians of any prospective learners) and informed them that teaching/provision would continue as normal and that enrolment for the 2019/20 academic year would continue as planned.
- We engaged with numerous key external stakeholders, including local governmental authorities, grant providers, university partners to the College and the College’s bankers to keep them informed of the Education Administration; this was with the objective of securing their assistance with ongoing trading and preserving relationships for the future benefit of the College.
- We worked with the College’s communications team in responding to media enquiries that were being received around the time of the application for the Education Administration and shortly after the Order was made.
- Legal assistance was engaged from Brachers LLP (“Brachers”) and Womble Bond Dickinson LLP (“WBD”).

An Ofsted monitoring visit was conducted in late September 2019, in which it found an increase in students staying at the College, completing their courses and achieving their qualifications in comparison to October 2018’s Ofsted report. The report also noted improvements in communication and feedback to learners. The overall judgment of ‘reasonable progress’ was as expected. Given the financial situation in which the College found itself, this was considered to be a positive outcome.

4.3 Trading during the Education Administration

Our strategy has been to adopt a ‘business as usual’ approach working in combination with the senior management team and staff.

Senior management and staffing arrangements

Under paragraph 64 of Sch. B1 IA86, the JEAs consented to the Interim Principal and the Interim CFO (and subsequent replacements) continuing to exercise certain powers that has enabled the College to continue to operate with minimum disruption. Whilst the JEAs consider that decisions regarding academic matters should be made by educationalists, the JEAs have embedded new controls within the pre-existing procedures of the College to maintain control and oversight over all financial and non-academic decisions.

Prior to the JEAs' appointment, the College and Hadlow had been working towards a formal merger but this failed to progress in late 2018. Nevertheless the College and Hadlow were already embedding integrated services and sharing a senior management team. As a result of the collaboration, the College and Hadlow operate a number of shared services including IT, finance, MIS and HR and have informal arrangements to share staff. Given the entwined nature of the staffing provision, prior to our appointment it had been necessary to manage the challenges of some College staff working for Hadlow whilst not directly under the Hadlow JEAs' control. Joint communication with the College's senior management team ensured that all staff understood the implications of Education Administration on both the College and Hadlow. This approach helped to ensure a stable transition for the College's staff following the appointment of the JEAs.

The shared nature of services and integrated structure adds a layer of complexity to both ongoing operations and to the Proposed Merger Transactions.

All College staff have been retained by the JEAs and continue their duties as normal. Expected levels of staff turnover have continued through the Education Administration, with the College recruiting and filling roles as required. Staff retention and recruitment has not impacted the College's ability to deliver its educational program, which is supported by the positive outcome of the Ofsted report in September 2019.

Due to the complexity of the shared staffing arrangements between the College and Hadlow we have engaged with BDO pension specialists who, together with our legal advisors, have been advising us in relation to the impact of the potential sale/transfer on staff pensions. We are advised that staff accrued pension rights will be unaffected by the Education Administration and any subsequent sale process. We continue to maintain discussions with Kent County Council in relation to the current and historical obligations of the Local Government Pension Scheme ("the LGPS") and how such liabilities may be treated in a number of different scenarios.

Supplier contact

The JEAs' team has been in contact with the 200+ suppliers to ensure that there would be no disruption to the operations of the College.

We have resolved a number of creditor positions adjudged to be critical for the operation of the College. In dealing with these creditors we have taken into consideration the need for further supplies and the availability and suitability of alternative suppliers.

Provision of higher education

The College is predominantly a provider of further education, however, at the date of the Order, there were 271 higher education students. These students enrolled at the College (either directly or under a franchise agreement) with their studies validated by one of the College's university partners.

The College has three university partners; the University of Kent, the University of Greenwich and Canterbury Christ Church University. The JEAs' team has met with each of these university partners and discussed the ongoing relationship. Due to complications with the College's registration as a higher education provider, arrangements were put

into place with each of these university partners for the new (2019/20) academic year, such that all higher education students are now studying at the College under franchise arrangements.

In accordance with legal advice, enrolled higher education students are 'existing learners' as defined by TFEA 2017 and the attainment of the statutory objective for these students is of equal importance.

The provision of higher education is regulated by the Office for Students ("the OfS"). We have engaged in regular communication with the OfS, both before and after our appointment, in order to keep the OfS fully informed.

Health and safety

AON Risk Services ("AON"), our specialist insolvency insurance broker, has conducted health and safety inspections of all the College's campuses. This work has enabled the JEAs and the College's senior management team to undertake a thorough review of the College's processes and procedures and adherence to them, with appropriate action taken as a result.

The College's health and safety practices are a key area of focus and continue to be monitored regularly by the JEAs' team and senior management.

Subsidiary

As noted in section 3 above the College's subsidiary, the Rosemary Shrager Cookery School In Partnership With Hadlow Group Limited, ceased to trade prior to our appointment. The company was subsequently placed into Creditors' Voluntary Liquidation on 4 September 2019 with Mark Newman and Vincent John Green of Crowe U.K. LLP appointed as the Joint Liquidators.

Communications - internal and external

Press releases and statements were prepared in advance of the Court hearing at which the Order was made. This enabled us to inform staff, the media, and key stakeholders of the JEAs' appointment immediately after the Order was made.

We have held frequent meetings with the College's communications team and the PR team at the ESFA, as well as independent specialist media advisors Headland PR Consulting LLP ("Headland") and Chalkstream (advisors to the College).

We have supported the Interim Principal in regular communication with staff throughout the Education Administration.

In addition to the staff meetings, we have regularly attended various senior manager meetings in order to field and respond to any enquiries that the staff may have more generally regarding the operations of the College. Staff are critical to the success of the Education Administration, together with senior management.

Enrolment

Working with the senior management team we have overseen a successful learner enrolment for the current academic year. Enrolment numbers do not appear to have been impacted by the College operating in Education Administration. For 16-19 learners, the College slightly over-recruited its funding allocation despite sectoral data that suggested there could be an 18% downturn due to the College being subject to intervention. This remains a positive achievement.

5. Receipts and payments

A receipts and payments account for the duration of the Education Administration to 14 January 2020 is provided at appendix 3. This shows that the College holds cash in hand of c.£0.8 million and input VAT of c.£0.2 million.

The receipts and payments account operates on a cash accounting basis, rather than accruals, and this shows that College operations during the Education Administration to date have been funded from trading income and cash that was available in the College's bank account at the outset of the Education Administration.

At the date of the Order, the College's cash at bank was c.£0.2 million. During the period of the Education Administration there has been a net increase of approximately £0.6 million in funds held by the College.

During the course of the Education Administration, funds totalling c.£8 million have been received. This includes £0.2 million of cash held at appointment in the College's bank account, approximately £6 million received via standard educational funding due to the College from the ESFA and c.£1.8 million of non-ESFA funded educational income.

Total payments made in the Education Administration amount to c.£7 million. This largely relates to the ongoing trading costs of the College including, in particular, payroll costs which amount to c.£4.7 million. Further commentary on the expenses incurred by the JEAs is provided in section 15 and appendix 7 below.

Should the costs of operating the College and managing the Education Administration exceed the income received by the College, the Secretary of State for Education, has agreed to provide the JEAs with a conditional grant ("the Grant") in order to meet the costs of the Education Administration. To date no funding has been required as all costs have been paid out of income received.

The JEAs expect to request drawdowns against the Grant funding to meet operational and other costs incurred in the Education Administration. Repayment of the Grant will have priority, ahead of the claims of unsecured creditors, from any realisations made in the Education Administration.

6. Statement of Affairs and statutory information

At appendix 1 is a record of the statutory information in respect of the College.

Pursuant to paragraph 47 of Sch. B1 to the IA86 (as modified by paragraph 12 of Sch. 3 to TFEA 2017) and rule 3.2 of TEAR 2018, the JEAs requested that all relevant persons provide them with a Statement of Affairs for the College as at the date of the Order.

The JEAs agreed that the Interim CFO was best placed to prepare the Statement of Affairs and that he would do so on behalf of all individuals requested. The Statement of Affairs is now being finalised by the current Interim CFO and is currently in draft form pending final confirmation of its completeness. A copy of this draft Statement of Affairs is provided at appendix 2.

The draft Statement of Affairs sets out the assets and liabilities of the College as at 16 August 2019 based upon financial information extracted from the books and records of the College but without carrying out an audit or detailed verification work at this time. The draft Statement of Affairs also states the estimated realisable value of the College's assets and the estimated shortfall to the College's creditors, following a realisation of those assets.

Our comments on the assets and liabilities included in the draft Statement of Affairs are provided in sections 7 and 8 below.

7. Assets

It is important to note that whilst a number of asset valuations are based upon independent professional valuations, the realisable value of those assets will likely be determined by the need for those assets to be used in the future provision of education.

In consequence, the attribution of value to assets in a manner does not address the full complexity of the relationship with Education Administration and should be treated with caution.

Land and buildings

The College's land and buildings comprise the following:

- (i) c.£73.1 million book value in relation to the Tonbridge Campus that is subject to a fixed charge in favour of Barclays Bank plc ("the Bank"). This asset is included in the draft Statement of Affairs as having an 'estimated to realise' value of c.£21.3 million. The amount of secured loans owing to the Bank as at the date of the JEAs' appointment was c.£13.2 million;
- (ii) c.£21.2 million book value in relation to the Ashford Campus. This is subject to two fixed charges with a specific order of priority for payment. The Bank has a fixed charge with priority over the first £2 million of realisations in respect of this property. Ashford Borough Council ("ABC") also has a fixed charge for its loan of £1.1 million, which ranks behind the Bank's charge (limited to the first £2 million). Any residual realised value, after initial repayments to the Bank and ABC, would be utilised against any remaining balance in respect of the Bank's loans, noted above. The 'estimated to realise' figure in the draft Statement of Affairs is £7.6 million.
- (iii) c.£1.3 million book value in relation to the Wotton Road Campus and £4 million book value in relation to property and land at Court Lane, with neither subject to any fixed charges. Together, these are included in the draft Statement of Affairs as having an estimated to realise value of £1.6 million.

The land and buildings of the College are designated for educational use. To the extent that land and other property assets can be identified as being surplus to the educational delivery requirement, these may be available for sale and realised at market values.

We have instructed agents to both value the properties (on a number of bases) and advise of any parts of the portfolio that may not be required for educational purposes such that they are capable of being sold separately on the open market.

Assets under construction

Assets under construction, with a book value of £0.3m, relate to foundation building work at the Ashford Campus as well as an investment by the College in a joint venture arrangement.

The joint venture has ceased without generating any value and the building works at the Ashford Campus have not progressed. These assets do not have any realisable value per the draft Statement of Affairs.

Plant, equipment, other chattel assets and stocks

Plant, equipment and other chattel assets with a total book value of c.£2.6 million are included in the draft Statement of Affairs. Of this amount, c.£0.4 million of the assets are subject to finance leases where the remaining contractual payments exceed the estimated realisable value of the assets, according to the draft Statement of Affairs. The remaining c.£2.3 million book value of these assets that are not subject to finance leases are listed in the draft Statement of Affairs as having a realisable value of c.£0.6 million.

Stocks with a book value c.£0.1 million were located across the Tonbridge and Ashford campuses.

As with the property assets, where the plant, equipment, other chattel assets and stocks are required for the ongoing provision of education to the learners of the College, these assets will likely be included in the Proposed Merger Transactions in order that the objective of the Education Administration is achieved.

Debtors

The draft Statement of Affairs includes book debt assets with a book value of c.£0.6 million that have been estimated to realise c.£0.4 million based upon a review by management.

Cash at bank

At the date of appointment cash at bank was c.£0.2 million and passed to the control of the JEAs.

8. Creditors' claims and distribution prospects*Secured claims of 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.

As outlined above, both the Tonbridge and Ashford Campuses, as a whole, are not readily realisable assets because their designated use is for educational purposes. Furthermore, should the Proposed Merger Transactions progress to completion of a sale then these assets will be included in that sale. The JEAs are required to pursue the statutory objective of the Education Administration and consider the interests of creditors only to the extent that it does not disturb that objective. The interpretation and implementation of the objective and the JEAs' other functions is a complex matter, which the JEAs are further considering with their legal advisors.

Preferential unsecured claims of creditors

There are no preferential creditors.

Non-preferential unsecured claims of creditors

The draft Statement of Affairs lists the unsecured creditor balances, at the date of the JEAs' appointment, as c.£108 million including deferred capital grants. We provide commentary on certain of these listed amounts below:

- c.£86 million, relates to the deferred capital grants provided by the ESFA in respect of the construction of the Tonbridge and Ashford Campuses. The grants were originally provided to K College and were then 'absorbed' by the College in its acquisition of K College in 2014. A capital grant is not a loan, does not accrue interest or have scheduled capital repayments and the amount of the grant is reduced over the lifetime of the asset. A further balance of c.£1 million is outstanding to the ESFA in respect of standard education funding;
- c.£0.4 million relates to staff salaries which had been accrued at the date of the JEAs' appointment, but which were paid in full on the College's usual payroll date at the outset of the Education Administration;
- c.£15.4 million relates to a pension liability estimated to be owed to the Kent County Council LGPS pension scheme, calculated in accordance with accounting standards. However, it should be noted that this is an accounting liability and is not an ongoing funding or cessation deficit. The accounting deficit does not have any impact on the accrued LGPS pension rights or benefits of existing or past College staff. Further all staff pension contributions, for all schemes, due to be paid prior to and following the JEAs' appointment, have been paid.

To date we have received 64 unsecured claims totalling £4,960,109. No claims have yet been adjudicated upon. 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 draft Statement of Affairs.

The JEAs request that any creditors, who believe that they may have a claim, proceed with submitting a proof of debt form (as attached at appendix 9) providing a detailed account of the sum owing to them as at the date of the Order together with details of any security held.

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 addressed from the Grant funding that has been agreed to be made available to the JEAs by the Secretary of State for Education. The Grant funding has priority for repayment ahead of any distributions to unsecured creditors.

Prescribed Part

The provisions of s.176A IA86 in relation to the Prescribed Part (which concerns setting aside a proportion of realisations subject to a floating charge for the benefit of unsecured creditors) do not apply because the College is a statutory corporation that is unable to grant floating charges.

9. Investigations

Statutory investigations

The JEAs have a duty to investigate the affairs of the College to establish if there are any actions that can be pursued for the benefit of the creditors as a whole and also to report on the conduct of the relevant persons.

In this latter respect, the JEAs must submit a report to the Secretary of State regarding the conduct of all relevant persons during the three years before the Education Administration. I can confirm that, in accordance with the Company Directors Disqualification Act 1986 (as amended), such a report was submitted to the Secretary of State on 13 November 2019.

Further investigations and cooperation with the Insolvency Service

In addition to the statutory investigations mentioned above, BDO LLP's Forensic Services team has been engaged to carry out focussed forensic investigation work into the affairs of Hadlow and the College. In order to carry out this investigation work, BDO LLP has put in place a team of individuals with specialist forensic financial investigation skills that are working alongside the JEAs and their team.

The JEAs have been notified by the Insolvency Service that it is undertaking enquiries as to the conduct of relevant personnel in the period leading up to the onset of insolvency. Cooperation with the Insolvency Service is a statutory obligation of the JEAs.

At this stage our investigatory work remains confidential and creditors should be advised that, in relation to certain elements of our work and the reports that we submit, this may remain the case. We are therefore currently unable to provide any detail on the specific work that we have performed and the results of that work.

Request to creditors

If any creditors hold information that may be of assistance to the JEAs in our investigations or you wish to bring to our attention any matters that you believe merit investigation by us, please contact the JEAs at BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH using the questionnaire at appendix 8 as needed.

10. Other matters

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 that you receive 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.

11. EC Regulations on insolvency proceedings

The College is incorporated under an act of the Parliament of the United Kingdom. Its principal operating address is in England and its main administrative functions are carried out in England. Therefore, we consider that the College's centre of main interests is within England. Consequently, we consider that Regulation (EU) 2015/848 of the European Parliament on insolvency proceedings (recast) applies to these proceedings and that these are the main proceedings as defined in Article 3(1) of that Regulation.

12. Pre-Education Administration costs

Certain costs were incurred in preparing and planning for the Education Administration. These costs do not form part of the Proposals, but are being disclosed to creditors 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.

Below, we explain in more detail the fees and expenses incurred.

(i) The fees charged by BDO LLP / the JEAs

As detailed in section 3 above, on 30 April 2019, BDO LLP was engaged by the DfE to evaluate the financial position of the College, observe the FEC options review process, undertake financial and operational planning (contingency planning) and, if it became necessary, assist with placing the College into Education Administration.

Contingency planning included evaluation of the solvency of the College over 12-24 months, with a focus on further requirements for emergency funding from the ESFA, review and comments on the FEC options review and detailed timeline planning for execution of different options.

In the event that an Education Administration did become necessary, BDO LLP was also engaged to assist in the preparation of court documentation together with DfE's legal advisors (WBD) to lodge documentation at and attend Court for the purposes of the appointment of Education Administrators.

Following the FEC's recommendations, and the request from the College's board of governors that the College be placed into Education Administration, BDO LLP were instructed to produce documentation in support of a petition for the making of an Education Administration Order.

BDO LLP's fees for this pre-appointment engagement are based on time costs incurred, at rates agreed with the DfE and which are recorded in the BDO LLP policy document attached at appendix 6.

The total amount of pre-Education Administration time costs incurred by BDO LLP was £222,997 plus VAT. Of that amount, £141,371 plus VAT related to time incurred in observing the FEC options review process detailed at section 4.1 above, and in advising the DfE in respect of the financial position of the College. The remaining time costs, amounting to £81,626 plus VAT, related to the costs of the contingency planning and steps towards appointment as JEAs.

(ii) The JEAs' disbursements and other expenses

The JEAs have agreed with the DfE that BDO LLP staff related disbursements (including travel, accommodation and subsistence), will not be directly recharged as part of BDO LLP's pre appointment work.

WBD, acting for the proposed JEAs, provided pre-appointment advice and support, to assist with the petition for the making of the Education Administration Order. Costs incurred, but not yet paid, totalled £19,493 plus VAT.

Peter Marsh Consulting Limited ("Peter Marsh") is an education consultant and specialises in estates planning in the education sector. Peter Marsh was engaged to undertake a review of the education provision, specifically the curriculum, with a view to identifying potential efficiencies that could be achieved, mainly through reviewing the use of property and assets necessary to deliver the education provision. The identification of non-core parts of the property and asset portfolio, enables the JEAs to consider selling these non-core assets for market value without impacting upon learner provision or the Proposed Merger Transactions. The costs incurred prior to the making of the Order total £16,282 plus VAT.

Rule 6.11 of TEAR 2018 states that where the JEAs have made a statement of pre-administration costs under rule 3.8(10)(a), they must, before paying such costs, apply to the court for a determination of whether and to what extent the unpaid pre-administration costs are approved for payment.

To date, payments of £16,282 plus VAT have been made to Peter Marsh in relation to the pre-appointment costs outlined above. The JEAs will be seeking retrospective court approval for these payments in addition to court approval for the other pre-appointment expenses. A table setting out these pre-appointment expenses incurred and paid by the JEAs is included at appendix 7.

(iii) the fees charged (to the JEAs' knowledge) by any other person qualified to act as an insolvency practitioner (and, if more than one, by each separately)

The JEAs are not aware of any other person qualified to act as an insolvency practitioner having acted in relation to the College immediately preceding the appointment of the JEAs.

13. Joint Education Administrators' remuneration

Rule 6.10 (2) of TEAR 2018 states that 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 also, on the JEAs' application, be fixed by the Court.

Creditors will be given fourteen days' notice of any such application to Court and may make representations if they wish which will be reported to the Court as part of the application.

Attached at appendix 4 is a schedule that summarises the time that has been spent in dealing with the Education Administration up to 31 January 2020. This records total time costs of £472,981, which represents 2,580 hours spent at an average rate of £183 per hour. As noted above, our charge out rates have been agreed with the DfE.

Attached at appendix 5 is an estimate of time costs that the JEAs anticipate will be incurred and charged as remuneration for the duration of the Education Administration.

For your guidance, at appendix 6 we attach a document that outlines the policy of BDO LLP in respect of remuneration.

14. Joint Education Administrators' disbursements

The JEAs have agreed with the DfE that BDO LLP staff related disbursements will not be directly recharged by the JEAs as this cost is deemed to be embedded within the agreed hourly charge out rates.

15. Expenses of the Education Administration

During the Education Administration, the JEAs have engaged a number of professionals, both general and specialised in their expertise, to provide a range of services to support the College's ongoing operations and to assist with specific education matters and the Proposed Merger Transactions.

We are not required to seek approval for payment of these expenses, which are paid from the Education Administration estate. A table detailing expenses incurred and paid to date is included at appendix 7. Below is a summary narrative of the purpose and work undertaken in incurring these expenses of the Education Administration.

Insurance

AON was engaged to arrange for health and safety reviews across the College campuses and to ensure appropriate insurance continued, covering both assets and the College's ongoing operations. Insurance and health and safety costs incurred amount to £75,863 including IPT and £5,740 plus VAT respectively. The six month premium of £75,863 including IPT, covering the period to 31 January 2020, has been paid.

Regulation requires the JEAs to hold a bond in relation to the assets of the College. The cost of this bond is £200 and has been paid to AON as a disbursement.

Legal

WBD, as noted above, is providing legal support to the JEAs. The JEAs have required this for a number of reasons:

- This is only the second Education Administration under new legislation, the first being Hadlow, and there are still few precedents;
- There were a material number of legal matters that were ongoing at the date of the Order. Many of these actions were integral to the JEAs' ability to continue to operate the College with minimal disruption to learners and therefore this has required the JEAs to continue with these legal actions and continue to receive the ongoing legal support;
- The statutory objective of an Education Administration has required the continued operation of the College. The nature of continuing to operate a further education with higher education provision across three teaching sites,

having a significant number of shared services with Hadlow is such that the JEAs faced a large number of matters on which legal opinion and assurance needed to be sought; and

- The Proposed Merger Transactions also add additional complexity in that the operations of both the College and Hadlow are to be separated on a campus by campus basis, then realigned and, potentially, sold to multiple acquirers. This has meant that a range of legal support and advice has been required by the JEAs.

The legal costs incurred by WBD post appointment for support to the JEAs are £56,379 plus VAT, of which £21,238 plus VAT has been paid.

Brachers, the College's pre-appointment legal advisers were retained to deal with certain legal matters. Given Brachers' pre-existing knowledge, especially in connection with certain property and employee issues, it was deemed more efficient to continue with its service for those specific matters. The costs incurred total £21,757 plus VAT of which £15,562 plus VAT has been paid.

Property

Savills UK was engaged to value the College's property, across all campuses, in order to provide an independent view on potential value, taking account of educational designations. The costs incurred total £33,498 plus VAT and have been paid.

Peter Marsh has continued to provide its services post appointment. The costs incurred post appointment total £14,393 plus VAT and have been paid.

Lambert Smith Hampton ("LSH") arranged and monitored urgent rectification works regarding the glass atrium and staircase at the Ashford Campus. The costs incurred total £5,146 plus VAT and remain outstanding.

Crossley Consult Limited, a glass specialist, supported LSH in completing an assessment of the glass atrium and staircase following the rectification works. Costs incurred total £1,800 plus VAT and remain outstanding.

PR

Headland provide PR and media communication advice and services to the JEAs in respect of the College and costs incurred total £5,523 plus VAT, of which £3,643 plus VAT has been paid.

Education consultants

A number of educational consultants have been engaged to support the JEAs with educational strategy and planning including:

- TJE Consulting - £1,156 incurred and paid;
- FE Partnership - £3,231 incurred and yet to be paid;
- Barbara Jones - £3,380 incurred and paid;
- Fusion Project Management Limited - £2,470 plus VAT incurred and yet to be paid; and
- ADF Accounts - £3,773 incurred and yet to be paid.

16. Possible outcomes for the Education Administration

The outcome of the Education Administration will depend firstly upon the result of the extensive due diligence that is being undertaken by and in relation to the Preferred Bidders.

If the Proposed Merger Transactions do not complete, either in full or in part, then the JEAs will consider an alternative means of achieving the statutory objective of avoiding or minimising the disruption to the studies of the existing learners.

The manner in which the Education Administration is brought to an end will also in part be determined by the extent to which any College assets are considered not to be required for the ongoing provision of education. Where possible any such assets will be realised for the benefit of the creditors.

The Education Administration can only end upon 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 (paragraph 79 Sch. B1 IA 86 as amended by paragraph 23 of Sch. 3 to TEFA 2017).

Once the Education Administration has concluded, the College is likely to be dissolved, or, if it will facilitate further investigations into the College's affairs and asset sales with a view to making a recovery for creditors, an application to the Court may be made to place the Corporation of West Kent and Ashford College into compulsory liquidation.

Under rule 3.13 of TEAR 2018, the JEAs are obliged to make progress reports to the creditors at six monthly intervals. These reports will be published on the following website:

<https://brportal.bdo.co.uk>

Username: 00317793

Password: HSqa1hGD

Creditors may request a hard copy of any reports produced by the JEAs either by emailing westkentcreditors@bdo.co.uk or writing to BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH or calling 0151 237 4500.

17. Statement of proposals under paragraph 49 of Sch. B1 IA86

Under paragraph 13 of Sch. 3 of TFEA 2017, there is no provision for the JEAs to call a meeting of creditors or otherwise seek their consent to the Proposals. Accordingly, the Proposals constitute how the JEAs intend to continue to manage the Education Administration under the supervision of the Court.

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.

Dated: 6 February 2020



.....
William Matthew Humphries Tait
Joint Education Administrator

William Matthew Humphries Tait, Francis Graham Newton and Danny Nicolaas William Dartnaill were appointed Joint Education Administrators of the College on 16 August 2019.

W M H Tait and D N W Dartnaill are authorised by the Institute of Chartered Accountants in England and Wales in the UK. F G Newton is authorised by the Insolvency Practitioners Association in the UK.

The Joint Education Administrators act as agents to the College and contract without personal liability.

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

Statutory Information

Registered number: Not applicable - this is a statutory corporation
UKPRN: 10007419
Date of incorporation: 1 August 2014
Address of registered office: c/o BDO LLP, 55 Baker Street, London, W1U 7EU

Trading names: Hadlow Group

Relevant officers:		Position	Period in office	
	Graham Morley	Interim Principal	15/02/2019	-
	Mark Sellis	Interim CFO	08/04/2019	15/09/2019
	Susan Evans	Interim CFO	15/09/2019	14/01/2020
	Simon Eaton	Interim CFO	14/01/2020	-

College governance webpage: <https://www.westkent.ac.uk/about-us/governors-governance>

Relevant officers interests in the College: None other than by virtue of being an employee under a contract for services

Trading Results before actuarial gains/losses in respect of pension schemes:

Year End	Total income £000	Total Expenditure £000	Surplus/(deficit) before other gains & losses £000	Gain on disposal of assets £000	Surplus/(deficit) for the year £000
31 July 2016	24,754	24,667	87	-	87
31 July 2017	23,690	25,422	(1,732)	1,623	(109)
31 July 2018**	19,299	24,277	(4,978)	1,134	(3,844)

**per management accounts

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

Statement of Affairs (draft) as at 16 August 2019

	Book Value £'000	Estimated to Realise £'000
Pledged assets		
WKAC main campus, East	94,273	28,900
Less: due to fixed charge creditor	(79,670)	<u>14,297</u>
		<u>14,603</u>
Buildings, equipment, vehicles	373	67
Less: due under finance leases	(306)	<u>18</u>
		<u>14,603</u>
Total pledged assets		<u><u>14,603</u></u>
Unpledged assets		
Land and buildings	5,296	1,647
Assets under construction	318	Nil
Plant & Equipment	2,264	566
Stock	101	50
Debtors	622	466
Cash	190	190
Total unpledged assets		<u><u>2,919</u></u>

cont...

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

Statement of Affairs (draft) as at 16 August 2019

Preferential unsecured creditors	Nil
Prescribed part	Nil
Debts secured by floating charge	Nil
Non-preferential unsecured creditors	
Employees	
arrears	£420k
Funding bodies	£96,232k
Loans - third party	
Wesleyan Bank	£68k
Salix	£138k
Investec Asset Finance	£188k
HMRC	
VAT	£1,110k
PAYE & NI	£197k
Pensions	
Arrears of contribution	£109k
LGPS defined benefit scheme deficit	£1,120k
Inter-college	£15k
Deposits	£15k
Trade creditors	£1,718k
Accruals	£1,577k
Deferred income	£32k
Total unsecured creditors	£108,201k
Estimated deficiency as regards creditors	£96,232k



Name	£ Value	Addresses
British Telecommunications plc	887.98	BT PLC Newcastle upon Tyne NE2 6AA
Tonbridge & Malling Borough Council Rates	79,836.00	Financial Services Gibson Building Gibson Drive West
Barclays Bank PLC	30.00	One Churchill Place London E14 5HP
Ashford Borough Council	20,043.81	Treasurers Dept. CIVIC CENTRE Tannery Lane Ashford
Scottish Hydro Electric - Ashford	3,099.92	Grampian House 200 Dunkeld Road Perth Scotland FK9 1
Castle Water	8,828.34	1 Boat Brae Rattray Blairgowrie PH10 7BH
Bailey Partnership	3,748.80	Lyster Court Queen Alexandra Square The Millfields
BAM Construction Limited	230,563.76	Accounts Department Breakspear Park Breakspear Way
KCC Commercial Services	395.92	The Cashier KCC (KCS) PO Box 117 WEST MALLING K
Directa (UK) Ltd	59.46	8 Latchington Road Cold Norton CHELMSFORD CM3 1
Royal Mail Group Plc	2,907.21	PAYMENT PROCESSING CENTRE ROWLAND HILL HOUSE
Crutch Bros Removals	175.47	28 Morley Road Tonbridge Kent TN9 1RA
DMA Maintenance	6,195.08	4 Ambley Green Gillingham Business Park GILLINGHAM
Advance Building Systems Ltd	836.40	Anvil House Vines Cross HEATHFIELD TN21 9EN
Office Team Ltd	78.52	Accounts Receivable Unit 4 500 Purley Way CROYDON
Horizon Soft Drinks Ltd	1,280.05	Anchor Brook Business Park Wharf Approach Aldridge
C&S Chambers & Sons	2,880.00	11 Pendragon Road Bromley Kent BR1 5JZ
Schindler Ltd	304.80	Benwell House Green Street Sunbury-on-thames Surrey
METROLINE SECURITY LTD	957.00	UNIT 2, CHANNEL COURT ROSS WAY FOLKESTONE KENT
Kings Hill Garage Limited	382.98	North Lodge 584 Malling Road Kings Hill West Malling
Omniwash T/A Davanwood Ltd	709.20	Unit 8 Trinity Court Brunel Road Southampton Hants
ABM Catering Limited	42,718.73	63-67 Saltisford Warwick CV34 4AF
A Hodder Property Maintenance	4,346.40	98 Chestfield Road Chestfield Whitstable Kent CT5
Capital Cleaning Supplies	28.76	Magnet House North Close Shorncliffe Industrial Estate
FE Associates (Taunton) Ltd	6,792.77	Unit 9 Apex Court Woodlands Bristol BS32 4JT
PEARSON EDUCATION LIMITED - EXAMS	1,436.27	PEARSON SHARED SERVICES EDINBURGH GATE HARLOW
City & Guilds of London	2,319.70	Accounts Dept PO Box 899 1 Giltspur Street London



Association of Accounting Technicians	135.00	Finance Department 140 Aldersgate Street LONDON
NCFE-CACHE	1,040.00	Q6, Quorum Business Park Benton Lane NE12 8BT
Skills & Education Group	36.90	Renaissance House Buckhaw Court Euxton Lane Euxton
Laser Learning Awards	535.00	The Runnymede Centre Chertsey Road Addlestone
NOCN	505.00	The Quadrant Parkway Business Park 99 Parkway Av
Gateway Qualifications	750.00	Gateway House 3 Tollgate Business Park Colchester
Loomis UK Limited	713.14	1 Alder Court Rennie Hogg Road Nottingham NG2 1F
Deloitte LLP	13,588.80	The Pinnacle 150 Midsummer Boulevard Milton Key
RSM - Baker Tilly	18,000.00	St Philips Point Temple Row Birmingham B2 5AF
Davies Mayers Tax Advisers	1,080.00	Pillar House 113-115 Bath Road Cheltenham Glouce
Dakota6	4,140.36	PO Box 755 TRURO TR1 9HX
Education Staff Bank	10,164.42	1st Floor Elizabeth House Castle Street Truro TR1 3
T-Mobile Everything Everywhere Ltd	612.37	PO Box 719 Camberley Surrey GU15 3WS
3C Technology Limited	288.00	Network House Hawkins Road COLCHESTER CO2 8LW
Printmonger Media	222.00	Unit 4E Munday Works Morley Road Tonbridge Kent
Prenax Limited	828.37	Stationers Hall 89 Sherborne Rd Yeovil Kent BA21 4
Green Hippo Print Ltd	825.00	11 Spa Industrial Estate Longfield Road TUNBRIDGE W
Travis Perkins Trading Co Ltd	305.35	25 Tunnel Road Tunbridge Wells Kent TN1 2BT
Seawhite of Brighton Ltd	526.44	Avalon Court Star Road Partridge Green RH13 8RY
John Parker & Son Ltd	395.78	Vauxhall Industrial Road Canterbury Kent CT1 1HD
E Russum & Sons Ltd	74.61	Edward House Tenter Street ROTHERHAM S60 1LB
Penshurst Fine Foods Ltd	173.97	Unit 2 Courtwell Business Park Farningham Road CR1
Screwfix Direct Ltd	692.89	Mead Avenue Houndstone Business Park YEOVIL BA
Dyslexia Action Shop Ltd - Real Group	1,136.58	Canterbury Innovation Centre University Road Cante
CITY ELECTRICAL FACTORS	210.00	UNIT 3 YEOWART BUSINESS CENTRE BELL LANE UCK
CHUNNEL COMPONENTS	26.94	Hopes Marley Lane CANTERBURY CT4 6JJ
Toolstation Ltd	111.56	Unit 3A Express Park Bristol Road Bridgewater Som
Euro Car Parts	5.48	Unit 1 Spa Industrial Park Longfield Road North Farn



M C Motors	583.20	3 Ellingham Industrial Park Ellingham Way Ashford K
FMP Payroll Services	877.73	Warwick House 48 Collingwood Road WITHAM CM8 1
Reward Projects	299.00	43 Guildford Road Canterbury Kent CT1 2ST
British Gas -	6,881.49	P O Box 254 Camberley Surrey GU15 3WA
Biffa Waste Services Ltd	1,241.42	PO Box 645 High Wycombe Bucks HP12 3WF
Viridor Waste Management Ltd	999.82	Viridor House Youngman Place Priory Bridge Road T
Wessex Products (Leasing) Ltd	1,121.64	Unit 3 Woodlands Business park Burlescombe Devor
Millsons Vending Ltd	128.34	4 Archers Park Branbridges Road East Peckham TON
KM Media Group Limited	192.00	Medway House STrood, Rochester Kent ME2 4DU
Maplin Electronics plc	52.24	Brookfields Way Manvers Wath-Upon-Dearne Rother
RS Components Ltd	2,453.63	PO Box 99 Corby Northants NN17 9RS
Nisbets	228.95	Fourth Way Avonmouth Bristol BS11 8TB
IMServ Europe Ltd	1,006.67	Scorpio Rockingham Drive Linford Wood Milton Key
Newman Business Solutions Ltd	524.58	Newman House Farningham Road CROWBOROUGH T
JLA Laundry Serv PHS Group	615.61	Unit 4 Alpha Ind Est Bevan Way Smethwick B55 1BZ
SP Services (UK) Ltd	188.81	Unit D4 Hortonpark Estate Hortonwood 7 Telford St
Provision Recruitment Ltd	5,766.00	51 Cropwell Road Radcliffe on Trent NOTTINGHAM 1
Ocean - Kingdom	20,094.10	12 Progress Park Ribocon Way Luton Bedfordshire L
Insight Direct (UK) Ltd	172.80	The Atrium 1 Harefield Road UXBRIDGE UB8 1PH
Tilgear	6.00	Langley House Station Road Standon WARE SG11 1Q
G Doy	110.00	103 CHURCH ROAD WILLESBOROUGH ASHFORD KEN
Raymond D PRIOR	1,238.38	125 LONDON ROAD DEAL KENT CT14 9TR
ASHFORD CLEANING CONTRACTORS LTD	1,422.00	UNIT 2 HERON BUSINESS CENTRE HENWOOD INDUSTF
IPS INTERNATIONAL LTD	7.92	NORTHBANK HOUSE SIR THOMAS LONGLEY ROAD MEI
PELLCOMP SOFTWARE	3,096.00	Gladstone House 28 St Giles Street Norwich Norfolk
BPEC Certification Ltd	167.50	2 Mallard Way Pride Park DERBY DE24 8GX
SOFTLINK EUROPE LIMITED	8,226.42	Unit 9 Bankside Hanborough Business Park Lodge Ro
M&C Energy Group	1,339.00	Claymore House Enterprise Way Dunfermline Fife K



Ashford Borough Council	5,400.00	Civic Centre Tannery Lane Ashford KENT TN23 1PL
Unit Hire Ltd	100.99	Flexible House Riverside Industrial Estate Watson Cl
Panacea I.T. Limited	4,152.00	The Studio Verity House 40 Holmesdale Road Reigal
Southern Lightning Engineers Ltd	1,226.70	Unit D2 Bearsted Green Business Centre The Green
Silverprint Ltd	150.86	Unit 26 Albany Business Park Cabot Lane Poole BH1
JLS Blinds	528.00	62 Bowens Field ASHFORD TN23 4QW
CUTWEL LTD	326.00	Unit A Riverside Drive Off Hunsworth Lane Cleckhea
Kent County Football Association Ltd	18,618.60	Invicta House Cobdown Park London Road Maidston
Combicure	573.57	62 Sandown Road GRAVESEND DA12 5EN
Tusker Direct	432.57	Building 4 Hatters Lane Croxley Business Park Watfo
Askews and Holts	298.20	218-222 North Road Preston Lancashire PR1 15Y
Ebsco International	232.89	4th Floor Kingmaker House New Barnett EN5 1NZ
Trident Waste Management Limited	369.60	Woodacre Mersham Ashford Kent TN25 7JB
Scottish Hydro - Brook St	18,429.00	SSE P O Box 7506 Payment Centre Havant PO9 5JB
Business Stream	2,812.60	Business Stream Columbia House Columbia Drive Wc
ICI Direct - Akzonobel	64.22	PO Box 12 Altrincham Cheshire O WA14 5PU
K M Portfolios Limited	3,801.60	Orange Farmhouse Brook Street Woodchurch Kent
I D Management Systems	368.34	Temple Court Cathedral Road Cardiff O CF11 9HA
Browns Books For Students	3,416.36	Accounts Department 22-28 George Street Hull O H
Alistair Bromhead Ltd	144.00	6 Hatherwood Leatherhead Surrey O KT22 8TT
Kent Creative Arts	600.00	Alexander Centre 15 Preston Street Faversham O #
Lyreco	184.18	Deer Park Court Donnington Wood Telford Shropsh
Innovation Refrigeration	260.40	22 Garston Lane Kenly Surrey CR8 5BA
BDO LLP	29,988.86	55 Baker Street London W1U 7EU
Education & Skills Funding Agency	1,084,978.00	Cheylesmore House Quinton Road Coventry CV1 2W
JISC Eduserv	1,854.58	3rd Floor One Castlepark Tower Hill Bristol BS2 0JA
ADF Accounts	720.00	91 High Street Blunsdon Swindon Wilts SN26 7AG
Greenbox Recycling Limited	684.00	Unit 1 Ashford Industrial Estate Brunswick Road Cob



Banner	160.23	K House Sheffield Business Park Europe Link Sheffie
Sub-Total Trade Creditors	1,718,884.89	
Other Creditors		
Education & Skills Funding Agency	86,232,382.00	Piccadilly Gate Store Street Manchester M1 2WD
HMRC VAT	1,110,014.44	Internation House, 7 High Street, Ealing Broadway, Lc
HMRC PAYE/NIC	196,537.72	St Mungos Road, Cumbernauld, Glasgow, G70 5TR
Pension Schemes	164,824.24	Various
Pension Liabilty	15,436,000.00	Kent County Council Pension Section, Sessions House
Wesleyan Bank	67,973.18	Colmore Circus Queensway, Birmingham, B4 6AR
Salix	437,500.38	75 King William Street, London, EC4N 7BE
Investec Asset Fin	187,500.00	Woodgate Exchange, 25 Bassinghall St, London, EC2V
Hadlow College	349,636.63	Hadlow College Hadlow Tonbridge Kent TN11 0AL
Student deposits	155.00	Various
Staff deposits	8,751.44	Various
Free school meals/Wisepay	6,587.40	Various
August 2019 payroll (pro-rata)	419,801.81	Various
Accruals	1,569,835.48	Various
Deferred income	328,468.71	Various
Sub-Total Other Creditors	106,515,968.43	
TOTAL	108,234,853.43	

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

Receipts & Payments Account for the period from 16 August 2019 to 14 January 2020

**The Corporation of 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 14/01/2020 £	From 16/08/2019 To 14/01/2020 £
POST APPOINTMENT SALES		
ESFA Funding	6,018,424.51	6,018,424.51
Non-ESFA Education Funding	1,000,664.34	1,000,664.34
Other income	76,258.35	76,258.35
Student Direct Debits	554,409.88	554,409.88
Commercial Income	152,962.14	152,962.14
	7,802,719.22	7,802,719.22
COST OF SALES		
WKAC Payroll	2,984,342.14	2,984,342.14
Payroll - Pension & Staff Benefits	969,646.73	969,646.73
Payroll - HMRC payments	753,863.40	753,863.40
Leases	71,695.14	71,695.14
Education Services	96,589.39	96,589.39
IT Services	71,876.61	71,876.61
Go Train - Continuity Payments	262,539.84	262,539.84
Equipment	18,756.35	18,756.35
Training Providers & Exam Boards	390,730.83	390,730.83
Merchant Services	8,842.34	8,842.34
Light and Power	9,329.78	9,329.78
Catering Supplies	88,161.27	88,161.27
	(5,726,373.82)	(5,726,373.82)
TRADING EXPENSES		
Student Supplies	13,640.16	13,640.16
Student Refunds	6,046.98	6,046.98
Consultants & Agency Costs	143,355.72	143,355.72
Utilities	96,260.86	96,260.86
Storage Costs	6,602.87	6,602.87
Rent and Rates	95,293.69	95,293.69
Campus Cleaning Costs	79,472.15	79,472.15
Continuity Payments	34,005.65	34,005.65
Insurance	75,862.59	75,862.59
Professional Services	57,706.70	57,706.70
Marketing	21,007.63	21,007.63
Student Bursary Payments	218,818.32	218,818.32
Printing, Stationery and Postage	14,202.40	14,202.40
Estates & Maintenance	286,156.68	286,156.68
Sundry Expenses	1,502.09	1,502.09
Barclaycard Credit Card Payments	11,769.86	11,769.86
	(1,161,704.35)	(1,161,704.35)
TRADING SURPLUS/(DEFICIT)	914,641.05	914,641.05

**The Corporation of 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 14/01/2020 £	From 16/08/2019 To 14/01/2020 £
ASSET REALISATIONS		
Book debts	7,647.00	7,647.00
Business Rates Refunds	5,940.04	5,940.04
Cash at Bank	186,501.30	186,501.30
Interest Gross	1,923.86	1,923.86
Trading Surplus/(Deficit)	914,641.05	914,641.05
	1,116,653.25	1,116,653.25
COST OF REALISATIONS		
Bank Charges	2,659.98	2,659.98
EA Consultant Costs	4,536.15	4,536.15
EA's Agents' Fees & Disbs	47,033.07	47,033.07
EA's Legal Fees & Disbs	36,799.46	36,799.46
EA's PR Costs	3,642.50	3,642.50
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
	(114,225.77)	(114,225.77)
	1,002,427.48	1,002,427.48
REPRESENTED BY		
Floating Current Account		807,005.46
Input VAT		195,422.02
		1,002,427.48

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

Analysis of the Joint Education Administrators' time costs



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 31 Jan 2020

Description	Partner		Director		Senior Manager		Manager		Ser
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
B. Steps on Appointment									
C2. Statutory Documentation	18.25	5,840.00	7.80	1,721.80	11.90	2,237.20			
C5. Initial Reviews									
C6. Third Party Discussions			4.30	950.30					
C7. Attendance at Premises									
C8. Detail Documentation Review			1.00	221.00					
99. Other Matters	2.75	860.00			5.35	1,005.80	11.25	1,811.25	
B.Sub Total - Steps on Appointment	21.00	6,720.00	13.10	2,895.10	17.25	3,243.00	11.25	1,811.25	
C Planning and Strategy									
C1. Historic Performance Review			0.60	132.60					
C2. Review Financial Position									
C3. Review Bus. Process Systems			0.55	121.55	0.80	150.40			
C6. Meet Appointal Committees	19.00	6,080.00							
C7. Strategy Planning	44.25	14,160.00	62.65	13,845.65	24.40	4,587.20	12.85	2,068.85	
C. Sub Total - Planning and Strategy	63.25	20,240.00	63.80	14,099.80	25.20	4,737.60	12.85	2,068.85	
D. General Administration									
C1. Insurance Matters			1.50	331.50	24.40	4,587.20	23.55	3,791.55	
C2. VAT			0.10	22.10			13.50	2,171.50	
C3. Taxation			0.50	110.50					
C4. Contract/Lease Solutions			2.20	486.20			1.20	193.20	
C5. Investigations			0.45	99.45					
C6. Contact Reports	8.75	2,801.00	1.55	342.55	0.20	37.60	6.50	1,046.50	
C7. Receipts - Payments Accounts	1.90	1,248.30	1.45	362.45	19.15	3,637.80	6.80	1,094.80	



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 31 Jan 2020

Description	Partner		Director		Senior Manager		Manager		Sen
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
D. General Administration continued									
08 Remuneration Issues			1.65	364.65	1.50	282.00			
09 Statutory Matters			2.05	453.05	0.60	112.80	1.55	230.05	
12 Press-PR Matters			17.00	3,757.00	0.60	112.80			
13 General Meetings			4.30	950.30	0.55	103.40			
14 General Discussions			7.10	1,569.10					
15 Gen. Admin/Correspondence			7.45	1,646.45	3.35	629.80	3.10	447.10	2
16 Maintain Internal Files									
D. Sub Total - General Administration	12.65	4,048.00	49.30	10,895.30	50.55	9,503.40	56.20	8,971.70	37
E. Assets Realisation / Dealing									
01 Establishing Control	1.00	320.00	0.50	110.50					
03 Asset Tracking	1.50	491.00							
04 Agent Instruction- Leasing	0.50	160.00	0.50	110.50			0.25	40.25	
05 Sales/Life Preparation	42.00	13,440.00	34.50	7,624.50	115.75	21,761.00			
06 Property Related Matters	2.75	880.00	14.60	3,226.60	1.10	206.80			
07 Debt Collection							0.25	40.25	
08 Dealing with Chattel Assets			0.85	187.85					
09 Dealing with Other Assets			1.00	221.00					
10 HP Leasing Matters									
17 Retention of Title					0.40	75.20			
14 Sales of Business Assets	10.50	3,160.00	171.70	37,945.70	30.05	5,649.40	1.00	161.00	
99 Other Matters			2.00	442.00					
E. Sub Total - Assets Realisation / Dealing	58.25	18,640.00	225.65	49,868.65	147.30	27,692.40	1.50	241.50	5



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 31 Jan 2020

Description	Partner		Director		Senior Manager		Manager		Sen
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
F. Trading Related Matters									
01. Establish Business Control	-	-	1.20	265.20	0.50	94.00	-	-	-
02. Trading other Projections	-	-	0.10	22.10	-	-	0.50	80.50	-
03. Cashflow Forecasts	-	-	49.80	11,005.80	10.70	2,011.60	7.00	1,127.00	-
05. Attendance at Premises	-	-	0.30	66.30	-	-	-	-	-
06. Monitor/Supervise Trading	71.05	23,376.00	125.40	27,711.40	1.50	282.00	203.10	12,699.10	1
07. Business Management	2.00	640.00	15.50	3,541.50	0.60	112.80	-	-	-
08. Trading Accounts	14.50	4,640.00	7.15	1,580.15	0.50	94.00	12.40	1,996.40	-
99. Other Matters	-	-	-	-	-	-	-	-	-
F. Sub Total - Trading Related Matters	89.55	28,656.00	219.45	48,498.45	13.80	2,594.40	223.00	35,903.00	24
G. Employee Matters									
01. Dealing with Trade Unions	2.00	640.00	-	-	1.25	235.00	-	-	-
02. Dealing with Employees	16.75	5,160.00	11.10	2,451.10	43.40	8,159.20	-	-	-
04. Pension Issues	-	-	6.28	1,386.78	3.70	695.60	2.25	359.75	-
99. Other Matters	-	-	-	-	3.10	620.40	0.60	96.60	-
G. Sub Total - Employee Matters	18.75	6,000.00	17.38	3,837.88	51.65	9,710.20	2.85	456.35	1
H. Creditor Claims									
02. Secured Creditors	2.75	880.00	5.75	1,270.75	-	-	-	-	-
04. Non preferential Creditors	-	-	3.85	850.85	1.95	366.60	0.65	85.15	-
H. Sub Total - Creditor Claims	2.75	880.00	9.60	2,121.60	1.95	366.60	0.65	85.15	5



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 31 Jan 2020

Description	Partner		Director		Senior Manager		Manager	
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £
I. Reporting								
01 Statutory Reporting	5.00	1,600.00						
02 Reporting to Appointor	17.95	5,744.00	39.85	8,926.85	10.25	1,927.00	0.50	80.50
04 Reporting to Creditors	1.50	480.00	26.40	5,834.40	26.65	5,012.20	7.70	1,164.70
05 Reporting to Court			1.00	287.00	2.00	394.80		
06 Reporting to other bodies	6.00	1,920.00	20.85	4,637.85	1.15	216.20	0.80	128.80
I. Sub Total Reporting	30.45	9,744.00	88.40	19,536.40	40.15	7,548.20	9.00	1,374.00
J. Distribution & Closure								
01 Closing Planning								
J. Sub Total	296.65	94,928.00	686.68	151,755.18	347.85	65,395.80	317.30	50,891.80

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

Analysis of the Joint Education Administrators' estimated future time costs and expenses

Fee Estimate to 5 June 2020

JEA's 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	355.90	221.47	78,820	49,503
D. General Administration	1,105.48	163.76	181,028	74,194
E. Assets Realisation/Management	642.36	205.89	132,254	108,304
F. Trading Related Matters	1,039.40	183.35	190,579	147,224
G. Employee Matters	330.14	182.01	60,089	21,757
H. Creditor Claims	91.13	144.75	13,191	9,657
I. Reporting	291.60	199.19	58,085	45,381
J. Distribution and Closure	145.00	179.10	25,969	-
TOTAL	4,081.65	185.46	756,977	472,981

Expenses Estimate (excl. VAT) (Including pre-appointment costs)	Incurred 14 Jan 20 £	Estimated 5 Jun 20 £	Estimated Total £
<i>PR</i>			
Headland PR Consultancy LLP	5,523	5,000	10,523
<i>Insurance, bond and H&S</i>			
AON Risk Solutions	81,803	39,846	121,649
<i>Legal</i>			
Womble Bond Dickinson LLP	75,872	115,571	191,443
<i>Legal</i>			
Brachers LLP	21,757	10,000	31,757
<i>Property Agent</i>			
Peter Marsh Consulting Ltd	30,675	2,500	33,175
<i>Property Agent</i>			
Savills UK	33,498	4,002	37,500
<i>Property Agent</i>			
Lambert Smith Hampton	5,146	2,480	7,626
<i>Glass Specialist</i>			
Crossley Consult Limited	1,800	Nil	1,800
<i>Educational Consultant</i>			
TJE Consulting	1,156	Nil	1,156
<i>Educational Consultant</i>			
FE Partnership	3,231	2,500	5,731
<i>Educational Consultant</i>			
Barbara Jones	3,380	Nil	3,380

<i>Educational Consultant</i>			
Fusion Project Management Limited	2,470	2,500	4,970
<i>Educational Consultant</i>			
ADF Accounts	3,773	1,000	4,773
Licensed Solutions	298	Nil	298
<i>Agent</i>			
Chattel agent	Nil	40,000	40,000
TOTAL	270,382	225,399	495,781

The table above is our estimate of the JEAs' remuneration on a time costs basis for this appointment and our anticipated expenses. This estimate and our expenses are prepared on the basis of the information available to us at the date of this estimate. Assuming that there are no major unanticipated factors, we would expect that our remuneration may be lower than the estimate. In the following pages we provide a summary of the work that we have completed and that we believe is necessary. Where applicable, all remuneration will be subject to VAT at the prevailing rate.

As advised in section 15 of the Proposals, we have engaged a number of general and specialist professionals to provide a range of services to support the ongoing College operations and to advise the JEAs on specific matters, including the Proposed Merger Transactions. The professionals that we engage will invoice the JEAs and that will be an expense of the estate. Such expenses are not subject to creditor approval but nevertheless may have an effect on the funds available for creditors in the estate.

1. Joint Education Administrators' estimated remuneration

Remuneration, in this insolvency case, will be sought on a time cost basis and we estimate the total remuneration to 5 June 2020 may be £756,977. As advised in section 13 of the Proposals, our remuneration will be fixed and approved by the Court.

While creditors are not required to approve our remuneration, fourteen days' notice of any such application to Court for fee approval will be provided to creditors to enable them to make representations, if they wish, which will be reported to the Court as part of the application.

Where possible, I will delegate work to my staff ensuring work is undertaken by suitably qualified and experienced members of staff at different hourly rates. The charge out rates agreed with the DfE, and applicable to the Education Administration, are shown below by grade and per hour of staff.

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

These rates are fixed for the entirety of the assignment. We have estimated the time we will spend for the following areas of work in respect of this insolvency, to 5 June 2020, and below we provide a narrative of the primary work that will be undertaken by us.

A Pre Appointment - £222,997

Details regarding work completed pre-appointment have been disclosed in section 12 of the Proposals.

B Steps upon Appointment - £16,962

Reviewing appointment and statutory documents, preparing the 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 and communicating with students and parents/guardians. Addressing immediate press enquiries and, most critically, 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 is primarily led and implemented by directors, senior managers and managers, with appropriate work delegated to staff below manager level.

C Planning and Strategy - £78,820

Primarily establishing funding requirements and ensuring stability of operations, liaising with the wider senior management team and devising a strategy to deal with the subsidiary. Establishing an Education Administration Advisory Group (to provide educational guidance in the absence of a governing board) and liaising with the DfE and the FEC regarding the ongoing review process. Holding regular 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. 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. It is a critical area of our work and fundamental to achieving the statutory objective of the Education Administration, as we are operating against a backdrop of new legislation and a complex sales process that requires the knowledge, experience and skill of our wider senior team as we navigate often unprecedented issues and situations.

D General Administration - £181,028

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* and investigations into the affairs and transactions of the College. It will also include recovery and storage of the College's books and records and may include engaging and liaising with solicitors specifically in relation to these investigations. Day to day management of the College's assets will include managing accounting and investment of realisations, suitable banking arrangements and preparing reports on Receipts & Payments, ensuring appropriate approval of all costs including approval of remuneration and matching costs of specialists against their expense estimates, dealing with statutory*, regulatory* and licensing matters, managing formal contractual matters regarding the College, including equipment hire and property leases, and licences, 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* and meetings*. The majority of this work requires a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and is delegated largely to managers and senior administrators with suitable levels of experience, supervised by directors and senior managers. Issues marked with an asterisk (*) will not contribute to the financial outcome for the creditors but are statutory or regulatory duties imposed on the office holder and also support the ongoing operations of the College, promoting stability.

E Asset Realisation/Management - £132,254

Liaising with the DfE, the FEC, the Interested Colleges and, latterly, the Preferred Bidders regarding the Proposed Merger Transactions. 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, including securing the same. Undertaking/managing debt collection and where appropriate engaging and monitoring specialist agents, dealing with plant, machinery, stock, and intangible assets including intellectual property and consulting/liasing with and engaging specialist agents and solicitors and monitoring

the same. Managing third party, HP and leased assets. Managing and investigating Retention of Title claims including site inspections and meetings. 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. The work is led at director and senior manager level supported by managers and senior administrators with suitable competencies. The managers liaise with the JEAs and escalate major decisions. Due to the complex nature of the Proposed Merger Transactions, this has involved greater involvement of both directors and senior managers than otherwise might have been expected.

F Trading Related Matters - £190,579

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 7 insolvency and education specialists on site in the lead up to appointment and in the weeks after, 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 subsidiary. Providing weekly financial updates to the DfE and, if necessary, requesting additional funding. The success of keeping the College operating as normal is key to providing stability and achieving the objective of the Education Administration, to avoid and minimise disruption to learners, and requires the most 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 - £60,089

Managing the c.440 employees has been a significant focus in the Education Administration, with periodic meetings at the College's various campuses and providing an open forum for employees to raise questions about the Education Administration process and the FEC options review. We also liaise regularly with the trade union representatives, providing updates as and when information is available. There are a number of ongoing employee matters and issues that we are either dealing with or assisting the College's HR team with. Additionally, we have also focused on understanding the employees' pension position, together with our pension's specialists, to provide reassurance to the employees in relation to their pensions following any transfer of the education provision to another further education college. A significant level of work has also been undertaken in relation to how TUPE would operate if the Proposed Merger Transactions proceeds, requiring extensive liaison with both our solicitors and the College HR team due to the comingled nature of the staff contracts, location and use between the College and Hadlow. This work has been mainly led by directors and senior managers as it requires an appropriate level of experience and decision making.

H Creditor Claims - £13,191

Receiving and recording all creditor claims and identifying any Retention of Title creditors, so that these could be dealt with promptly. At this stage the outcome to creditors is uncertain and therefore until the position becomes clearer, no further verification work on creditor claims will be undertaken.

I Reporting - £58,085

Preparing the 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. As noted above, the creditors are not required to approve the JEAs' remuneration and therefore the fee estimate is for information only. The JEAs also produce a regular report 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 more

junior staff. Much of the basic accounting and analysis is conducted by various more junior staff. In estimating costs in respect of reporting we have formed a view of the duration of the insolvency and estimated how many reports will be required for both creditors and the DfE. These activities do not contribute to achieving the objective of the Education Administration or the financial outcome for creditors - they are statutory duties imposed by the relevant legislation. However, they do contribute to the creditors' understanding of the work being undertaken.

J Distribution and Closure - £25,969

The finalisation of the Education Administration will depend upon when the Proposed Merger Transactions, or alternative solution, complete and what other assets will remain. However, in any event, to end the Education Administration it will be necessary for the JEAs to apply to Court, with the approval of the Secretary of State for Education. It will also be necessary to prepare a final report to creditors together with a Receipts & Payments Accounts, analysis of time costs accrued and a review of actual costs compared to the fee and expense estimate, 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 foregoing estimate does not include any fee estimate provision for the College moving into liquidation, which would be the subject of a further submission, if necessary, before the end of the Education Administration.

2. Estimated Joint Education Administrators' expenses to 5 June 2020

Headland PR Consultancy - total £10,523 plus VAT

We estimate that further PR support, through the sales and transfer process may incur further costs of £5,000 plus VAT.

AON Risk Solutions - total £121,649

We estimate that insurance and bonding may be required until the end of April 2020, though will ultimately be dependent on the timing and likelihood of the Proposed Merger Transactions completing. Future insurance and health and safety inspection costs are anticipated to be c.£39,846.

Womble Bond Dickinson LLP - total £191,443 plus VAT

Legal support is expected to be required throughout as JEAs take the necessary steps with regard to the Proposed Merger Transactions. There are also a number of ongoing legal matters on which the continued assistance of WBD will be required. We estimate that further costs of WBD will total c.£115,571 plus VAT.

Brachers LLP - total £31,757 plus VAT

Brachers are advising on at least 7 ongoing matters, mainly relating to property, and it is expected that future advice will continue to be required. We estimate that future costs may total c.£10,000 plus VAT.

Peter Marsh Consulting Limited - total £33,175 plus VAT

We anticipate further specialist support may be required as we progress the Proposed Merger Transactions and estimate additional further costs of c.£2,500 plus VAT.

Savills UK - total £37,500 plus VAT

Further assistance will be required with property strategy as the Proposed Merger Transactions progress and therefore we estimate further costs of c.£4,002 plus VAT.

Lambert Smith Hampton - total £7,626 plus VAT

Ongoing assistance in relation to urgent rectification works with atrium and staircase at the Ashford Campus with future costs estimated to be c.£2,480 plus VAT

Crossley Consult Limited - total £1,800 plus VAT

We do not anticipate that any further costs will be required.

TJE Consulting - total £1,156

We do not anticipate any further costs will be required.

FE Partnership - total £5,731

Further assistance is expected to provide education planning with estimated further costs of c.£2,500.

Barbara Jones - total £3,380

We do not anticipate that any further costs will be required.

Fusion Project Management Limited - total £4,970 plus VAT

Further assistance is expected, to provide education planning with estimated further costs of c.£2,500 plus VAT.

ADF Accounts - total £4,773

Further assistance is expected, to provide education planning with estimated further costs of c.£1,000.

Licensed Solutions - total £298 plus VAT

We do not anticipate that any further costs will be required.

Chattel agent - £40,000 plus VAT

We have not yet engaged a chattel agent, but anticipate that this we be required to assist with the realisation of non-core assets and, as such, we estimate costs of c.£40,000 plus VAT in this regard.

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, I provide below the details of the policies of BDO LLP in respect of remuneration for work in relation to the above insolvency.

The charge out rates per hour of staff within my 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.

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 10 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

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

Analysis of the expenses incurred by the Joint Education Administrators to 14 January 2020

Advisor	Incurred in the period to 14 January 2020	Paid in the period to 14 January 2020	Outstanding as at 14 January 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	£21,757 plus VAT	£15,562 plus VAT	£6,195 plus VAT
Womble Bond Dickinson LLP	£56,379 plus VAT	£21,238 plus VAT	£35,141 plus VAT
AON Risk Solutions (Insurance/Bond)	£76,063	£76,063	Nil
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	£5,146 plus VAT	Nil	£5,146 plus VAT
Headland PR Consultancy LLP	£5,523 plus VAT	£3,643 plus VAT	£1,880 plus VAT
TJE Consulting	£1,156	£1,156	Nil
FE Partnerships	£3,231	Nil	£3,231
Barbara Jones	£3,380	£3,380	Nil

Fusion Project Management Limited	£2,470 plus VAT	Nil	£2,470 plus VAT
ADF Accounts	£3,773	Nil	£3,773
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	£234,607 plus VAT*	£169,231 plus VAT*	£65,376 plus VAT*

* Where VAT applicable

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

Creditors' questionnaire

Creditor's name:	
Address:	
Estimated claim:	£
What was the authorised Credit limit?:	£
Was any security, guarantee or assurance given to you in respect of ongoing trade?:	
When did you first encounter delays in obtaining payment of your account, and do you have any evidence?:	
Please provide details of any legal proceedings you took to recover your debts:	
Please supply details of any cheques which were not honoured, including amounts and dates:	
If there is any other information you wish to supply, or issues you consider should be reviewed, please provide brief details on the reverse of this form.	
Date:	
Signature/ Authentication:	
Name:	
Position:	
Please return the completed form to BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH	

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
<hr/>		<hr/>
Name in BLOCK LETTERS		
<hr/>		
Position with or in relation to creditor		
<hr/>		
Address of person signing (if different from 2 above)		
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