

The Insolvency Act 1986

Administrators' progress report

Name of Company

Learning South West

Company number

02806593

In the High Court of Justice
Chancery Division
Bristol District Registry

(full name of court)

Court case number

133 of 2016

(a) Insert full
name(s) andWe
Timothy Colin Hamilton Ball

Guy Robert Thomas Hollander

address(es)
of administrator(s)

Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP

Joint Administrators of the above company attach a progress report for the period

From

To

(b) Insert date

11 April 2016

6 September 2016

Signed

Joint Administrator

Dated

30 September 2016

Contact Details:

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

Timothy Colin Hamilton Ball
Joint Administrator
c/o Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP

DX Number

DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies

Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

SATURDAY



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COMPANIES HOUSE

Learning South West - In Administration ("the company")

Administrators' final progress report covering the period 11 April 2016 to
6 September 2016

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1. Introduction

- 1 1 This report is prepared pursuant to Rule 2.47 of the Insolvency Rules 1986, the purpose of which is to provide creditors with details of the progress of the Administration covering the period of the Administration from 11 April 2016 to 6 September 2016
- 1 2 I was appointed Joint Administrator of the company together with my partner, Mr Roderick John Weston on 11 April 2016. We are both authorised to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales
- 1 3 On 31 August 2016, Roderick John Weston retired and ceased to be a partner of Mazars LLP. Further to an application to the High Court of Justice dated 31 August 2016, it was ordered that Mr Weston's appointment as Joint Administrator cease on 5 September 2016. It was also ordered that my partner, Guy Robert Thomas Hollander, replace Mr Weston as Joint Administrator on that date. Mr Hollander is authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales
- 1 4 The report should be read in conjunction with the Joint Administrators' proposals issued to creditors on 27 May 2016
- 1 5 The purpose of the Administration is to achieve a better result of the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)
- 1 6 In accordance with the Proposals, a notice to move the Administration to Liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 ("the Act"), was recently filed with Companies House and the Liquidation date is confirmed as 6 September 2016. I was appointed as sole Liquidator
- 1 7 Statutory information regarding the Company and the Administration appointment is attached at *Appendix A*

2. Administrators' Receipts and Payments

- 2 1 A summary of receipts and payments covering the period from 11 April 2016 to 6 September 2016 is attached at *Appendix B*. A comparison of the estimates provided in my Proposals to actual realisations made to date is also provided
- 2 2 As creditors will note, following conclusion of the Administration, the sum of £266,449 has been transferred to the Liquidator



3. Steps taken during the Administration and the Outcome

3 1 In our proposals, we stated that we were pursuing objective (b) of the statutory purpose of administration – achieving a better outcome for the Company’s creditors as a whole than would be likely if the Company were wound up (without first being in administration)

3 2 In order to achieve the purpose of the Administration, the following asset realisations have been undertaken

Trading

3 3 It was concluded prior to our appointment that it was not viable to trade the business following our appointment. A number of the Company’s upcoming training courses had been prepaid and would, therefore, have generated none, or a minimal level of income. The costs associated with ongoing trading outweighed any possible benefit that could have been achieved from a going concern sale, as trading the business in Administration was likely to only result in significant trading losses. Accordingly, the Company ceased to trade on 7 April 2016.

3 4 With the exception of two of the Company’s staff, who were retained to assist me with asset recoveries and accounting and administrative duties, all of the Company’s remaining eight employees were made redundant on 7 April 2016. The two retained employees were made redundant on 28 and 29 April 2016.

Sale of Business

3 5 I sought to market the business and assets of the Company for sale in order to maximise potential realisations for creditors, as I anticipated that interest might be generated in the business given the Company’s brand identity and long standing position in the market. As a result of the Company being a registered Charity, its business was, however, likely to appeal only to similar organisations. In addition, the Company had a significant pension deficit and it was possible that some, or all, of this liability would have transferred to a purchaser of the business.

3 6 A press release and an insolvent business for sale bulletin were utilised and I sought to advertise and market the business through my firm’s internal network in order to generate interest in the business.

3 7 While some interest was received, no offers were forthcoming in respect of purchasing the business as a going concern.

Furniture and Equipment (“chattels”)

3 8 Specialist agents and valuers, Gordon Brothers International LLC t/a Gordon Brothers Europe (“my agents” and “GBE”) were instructed to assist with the valuation of the Company’s chattel assets. GBE valued the Company’s furniture and equipment at £2,000 on an ex-situ basis and the directors estimated that this would be realised in their Statement of Affairs.

3 9 It is possible that a higher sale price can be achieved should a purchaser of the Property (see below) wish to acquire these assets as part of such a sale and my property agents have requested that the chattels remain in situ to assist with the marketing process.

- 3 10 If these assets cannot be sold along with the Property, it is possible that the cost of realising these assets will exceed the realisations achieved, particularly should my property agents advise that the Property needs to be cleared prior to the sale

Freehold property ("the Property") / Property licence fee

- 3 11 The Company traded from freehold premises it owns at Bishops Hull House, Bishops Hull Road, Bishops Hull, Taunton, Somerset, TA1 5EP
- 3 12 National Westminster Bank Plc ("NatWest" or "the Bank") have the benefit of a legal charge dated 5 January 2005, securing all of the Company's obligations to the Bank. The Bank advised it is owed £41,721 in respect of an outstanding mortgage, but held a credit balance of cash in the sum of £8,117, which it set off against the sum it is owed, reducing its indebtedness to £33,604 as at the date of the Administration
- 3 13 My solicitors have been instructed to advise me in respect of the validity of this security and have confirmed that the charge is enforceable against the Company
- 3 14 I invited specialist property agents Alder King LLP, Greenslade Taylor Hunt and Savills Plc to provide me with their marketing recommendations and initial thoughts with regard to the marketing and sale of the Property
- 3 15 Having received advice, it was concluded that Greenslade Taylor Hunt ("GTH" and "my property agents") should be instructed to market the Property for sale. There was a consensus from the agents that the Property should be marketed in both the commercial and residential markets as mixed use or alternative use purchasers may be forthcoming, but GTH considered that a higher sale price could be achieved. Offers on private treaty basis are being invited
- 3 16 I advised the Bank of the recommended strategy and received no objection from it
- 3 17 The directors' Statement of Affairs estimates that the Property would realise £650,000, generating a surplus of £616,945 after settling NatWest's estimated indebtedness at that time. On the advice of my property agents, the Property is being marketed with a guide price of £750,000, so given NatWest's indebtedness (as above), a larger surplus is estimated to be generated
- 3 18 I instructed GTH to undertake a reinstatement valuation of the above property for insurance purposes, which is in progress
- 3 19 A third party currently occupies part of the Property and my solicitors advice in respect of the basis of their occupation has been obtained. A monthly licence fee of £1,666 is payable and £6,667 has been received to date. The third party's occupation is currently continuing as GTH advised that marketing of the Property is not impacted by their occupation. The position will be reviewed and will be influenced by advice from my property agents
- 3 20 It has been necessary to obtain utility and other services in respect of the Property in accordance with the tenancy agreement or alternatively, in order to enhance / maintain the marketing appeal and security of the Property. Where appropriate, security deposits or undertakings have had to be provided to third parties

3 21 Statutory and necessary maintenance and repairs have also been considered, undertaken and scheduled, as appropriate

3 22 As the process of formally instructing the property agent has recently concluded, formal marketing of the Property has only commenced of late GTH indicate that a six month marketing period may be needed in order to sell the Property, but this may be subject to change

Cash at Bank

3 23 Immediately following my appointment, I contacted CAF Bank Limited, Comfund and National Westminster Bank Plc and sought that the Company's bank accounts be frozen and that the credit balances be remitted to me

3 24 As detailed above, NatWest is owed £41,721 in respect of an outstanding mortgage, but held a credit balance of cash in the sum of £8,117, which it set off against the sum it is owed, reducing its indebtedness to £33,604 as at the date of the Administration The remaining cash balances were estimated to amount to £332,344 in the directors' Statement of Affairs

3 25 I have successfully secured cash balances totalling £332,777 No further recoveries are anticipated

Cash in hands of third party

3 26 With the authority of the directors, £49,500 was remitted to a new Company bank account set up and controlled by Mazars LLP prior to the Administrators' appointment, in order that certain costs, such as wages to ensure key employees were retained, could be paid on behalf of the Company pending the appointment of the Administrators and given that the Company's existing bank accounts would be frozen

3 27 This balance was not utilised and upon our appointment as Administrators the balance of £49,500 was remitted to the Administrators in full, as estimated in the directors' Statement of Affairs

Book Debts

3 28 At the date of my appointment the total book value of the Company's outstanding book debts was some £34,157

3 29 Some £13,529 has been recovered in relation to debtors to date, which exceeds the £10,000 estimated to be recoverable in the directors' Statement of Affairs

3 30 Significant write offs amounting to £18,533 to date have been made, particularly as it has been ascertained following disputes raised that customers, invoiced prior to work commencing, had either subsequently cancelled orders and a credit note needed to be raised, or the service was unable to be supplied by the Company, given it had ceased to trade

3 31 No significant further debtor recoveries are now estimated to be forthcoming, but the position with regard to the residual outstanding debts is to be considered to determine whether or not collection agents and / or solicitors should be engaged to assist in pursuing the outstanding sums owed

Petty cash

- 3 32 Following my appointment, petty cash amounting to £749, as estimated in the directors' Statement of Affairs, was secured

Bank interest

- 3 33 Gross bank interest of £683 has been received to date

4. Assets still to be realised

- 4 1 Further to my comments above, the following assets are available to, potentially, be realised by the Liquidator

- i The Property will continue to be marketed by the Liquidator, however, the total level of realisations are currently uncertain. Given the nature of the Property, our property agents advise that it may be able to be sold within six months, but this is also uncertain
- ii Outstanding Book debts will be reviewed by the Liquidator, with a view to potentially engaging collection agents / solicitors to aid recovery if it is cost effective to do so. The total level of realisations are currently uncertain, but not further significant recoveries are now expected

5. Liabilities**5 1 Secured Creditors****National Westminster Bank Plc (the "Bank")**

- 5 1 1 The Bank was granted the benefit of a legal charge, created on 5 January 2005 and registered on 7 January 2005, securing all of the Company's obligations to the Bank. The Bank is owed £41,721 in respect of an outstanding loan/ mortgage, but held a credit balance of cash in the sum of £8,117, which it is envisaged it will set off against the sum it is owed, reducing its indebtedness to £33,604 at the date of the Administration
- 5 1 2 My solicitors were instructed to advise me in respect of the validity of this security and have confirmed that the charge is enforceable against the Company
- 5 1 3 It is anticipated that the Bank will make a full recovery in this matter, under its fixed charge, following a sale of the Property, in due course in the liquidation

GE Capital UK, Investec Asset Finance plc, Miles and Co Limited

5 1 4 The Company held equipment which was subject to various lease and / or rental agreements GBE have advised me that the Company does not have a financial interest in these assets and are overseeing the collection of these assets by the finance companies

5 1 5 It is anticipated that unsecured creditor claims will be received from the various finance companies in relation to any shortfalls arising under the terms of their agreements

5 2 Preferential Creditors

5 2 1 Preferential creditors' claims relates to the Company's former employees' unpaid wages (subject to an £800 limit) and holiday pay

5 2 2 The former employees have submitted claims under the provisions of the Employment Rights Act 1996 to the Redundancy Payments Service ('RPS') and payments have been made to them by the RPS, up to the relevant statutory limits

5 2 3 The balance of each employee's preferential claim over and above the RPS's statutory limit, formed a residual preferential claim in the Administration

5 2 4 Sufficient funds were realised, after the prior costs of the Administration, to allow a dividend to be paid to the Company's preferential creditors, settling the preferential claims in full

5 2 5 Having received details of the RPS's payments to former employees I sought to calculate preferential creditors' residual claims

5 2 6 I subsequently wrote to all former employees in this regard, seeking for them to agree, or otherwise, their residual preferential claims

5 2 7 I was in a position to pay a first and final preferential dividend distribution of 100p / £ on the outstanding preferential claims, which were agreed at £15,517, in July 2016

5 2 8 Accordingly, preferential creditors' claims have been paid in full

5 3 Unsecured Creditors

5 3 1 Sufficient funds have been realised in the Administration, following payment of the costs (and final anticipated costs) of the Administration and after settling prior claims of the Company's preferential creditors, to allow the Company to be placed into Creditors' Voluntary Liquidation, in order to allow a dividend to be paid to unsecured creditors

5 4 Under the provisions of the Insolvency Act, the Joint Administrators have limited powers to agree the claims of unsecured non-preferential creditors and make distributions without permission of the Court Accordingly, on 6 September 2016 the Company was placed into Creditors' Voluntary Liquidation, in order to allow a Liquidator to agree the claims of unsecured creditors and pay a dividend in this regard

5 5 The level of any such dividend is currently uncertain and will be dependent upon the final total of realisations of the Company's assets, particularly following the sale of the Property subject to the Bank's fixed charge, where a surplus after its indebtedness is settled in full is estimated

to be generated, the costs of the Administration and of the subsequent Creditors' Voluntary Liquidation, as appropriate, and the final level of agreed unsecured creditor claims

- 5 6 The directors' Statement of Affairs estimated that unsecured non-preferential claims amounted to some £1,440,724. While claims have not been formally reviewed or agreed in the Administration, those received to date have amounted to in excess of £3 million
- 5 7 A claim in respect of the Company's pension scheme deficit, detailed at £1 116 million in the directors' Statement of Affairs, which was at the level of the liability per the Company's audited financial statements as at 31 March 2015, has been received in the sum of £2 679 million
- 5 8 As with all creditors' claims, the pension scheme claim will need careful reviewed by the Liquidator. Given the potential quantum of this particular claim as a proportion of total unsecured creditors' claims, the amount it is ultimately agreed at will materially impact the percentage return to unsecured creditors as a whole
- 5 9 Given the above uncertainties, it is not possible to accurately estimate the outcome to unsecured creditors at this time

6. Prescribed Part

- 6 1 Under Section 176A of the Insolvency Act 1986, a proportion of a company's net assets are to be set aside for the benefit of a company's unsecured creditors where the company has granted a floating charge after 15 September 2003
- 6 2 In this case there is no floating charge and, therefore, no prescribed part

7. Investigations

- 7 1 As advised in the Administrators' proposals, under the Company Directors Disqualification Act 1986, the Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Administration. The Joint Administrators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 5 July 2016
- 7 2 In accordance with Statement of Insolvency Practice 2, the Joint Administrators also carried out an initial assessment to identify any actions which may lead to recoveries in the Administration and to consider any further investigations which may be required. Following this initial review no further assets or actions were identified which would lead to a recovery for creditors

8. Pre-Administration Costs

- 8 1 The pre-administration costs totalled £18,576 plus VAT as set out below. These costs were incurred before the Company entered administration but with a view to it doing so

Confirmation and approval of the costs was obtained at a meeting of creditors held on 14 June 2016

Recipient	Nature of work provided	Amount incurred (£)	Amount paid (£)
Mazars LLP	Advice to the Company and work required to place the Company in Administration and all necessary steps to protect the Company's assets and protect the position of creditors and to progress the proposed Administration strategy at the earliest opportunity, pending the appointment of the Administrators, in order to further the objective to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)	14,385	14,385
Mazars LLP	Disbursements	141	141
Veale Wasbrough Vizards LLP	Legal advice regarding Administrator's appointment	4,772 (capped at 4,000)	4,000
Veale Wasbrough Vizards LLP	Legal disbursements	50	50

9. Administrators' Remuneration

- 9 1 A resolution was passed by the creditors at a meeting held on 14 June 2016, enabling the Joint Administrators to draw remuneration by reference to the time properly spent by the Administrators and their staff in dealing with the matters arising during the Administration, subject to the Fees Estimate of £98,700, issued to creditors on 27 May 2016
- 9 2 Attached *Appendix D1* is a comparison of the Administrators' Fees Estimate to actual time costs for the period 11 April 2016 to 6 September 2016, which total £112,890, representing 506 1 hours at an average hourly rate of £223
- 9 3 Attached at *Appendix D2* is a narrative summary of the Administrators time costs, which provides further information on the work carried out during the current reporting period, why the work was necessary and whether the work has provided a financial benefit to creditors

- 9 4 My actual time costs exceeded the original Fees Estimate by an amount of £14,190. In accordance with Rule 2.109AB, remuneration taken must not exceed the Fee Estimate, unless approval for a revised fee estimate is obtained.
- 9 5 Accordingly, further fee approval is being sought from unsecured creditors, being the body of creditors who approved the basis of the Administrators' remuneration on 27 May 2016. The Administrators' original Fees Estimate is attached at **Appendix D3**. A Revised Fees Estimate at **Appendix D4** includes information on the additional work undertaken in those categories where work exceeded that originally estimated.
- 9 6 As at 6 September 2016, an amount of £55,000 plus VAT has been drawn against the Administrators' time costs in respect of the Administration.
- 9 7 In accordance with Paragraph 99 of Schedule B1, Insolvency Act 1986 and subject to creditors' approval of the revised Fees Estimate, the Administrators' outstanding time costs of £57,890 plus VAT will be paid as an expense of the liquidation. If approval of the revised fee estimate is not obtained from creditors, the Administrators' outstanding time costs, capped at £43,700 plus VAT per the original Fees Estimate, will be paid as an expense of the liquidation.
- 9 8 During the Liquidation, the Liquidator will issue a Fees Estimate in relation to the anticipated Liquidation costs and seek creditors' approval in this regard.
- 9 9 Charge out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of the case. The rates are appropriate to the skills and experience of the team member and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.
- 9 10 The charge out rates of the team members employed on the assignment during the period covered by this report remain the same as those disclosed in the Administrators' proposals and a breakdown is provided in the Rates and Disbursements Policy attached at **Appendix D5**. Specialist departments within our Firm (such as Tax and VAT) have charged time to this case when their expert advice is required.

10. Administrators' Disbursements

- 10 1 Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. There are two categories of disbursements, including Category 1 (payments to independent third parties) and Category 2 (costs incurred by the Administrators or the firm that can be allocated to the case on a proper and reasonable basis).
- 10 2 Category 2 disbursements require approval in the same manner as remuneration and creditors will recall that a resolution was passed on 14 June 2016 by a meeting of creditors in agreement of the anticipated Category 2 disbursements of the Administrators. Further details of the rates

agreed are provided within the Administrators' Rates and Disbursements policy attached at *Appendix D5*

- 10.3 An analysis of the disbursements incurred and paid during the period covered by this report is provided below

Description	Category	Amount incurred in period (£)	Amount paid in period (£)	Total disbursements outstanding (£)
Specific Insurance Bond	Category 1	742	742	-
Land Registry Searches	Category 1	6	6	-
Mileage	Category 2	444	444	-
Photocopying	Category 2	134	134	-
Postage	Category 1	441	441	-
Total		1,767	1,767	-

- 10.4 An explanation of each of these disbursements is provided below

Specific Insurance Bond - it is a legal requirement that the Administrators take out a specific bond in respect of the value of the assets in the case. On the basis that recoverable assets were estimated to total £1,039,932 at the outset of this matter, the bond premium payable to JLT Specialty Limited is £742. No further cost will be incurred in this respect.

Land Registry fees - the cost of obtaining title documents and other documents from the Land Registry in relation to the Property. No further cost will be incurred in this respect.

Mileage - this expense represents the costs of travelling to the Company's Property following appointment to take control and secure the Company's premises, assets and records, liaise with agents, on site, allowing them to produce valuation and marketing proposals in respect of the chattel assets and the Property, and to collate and box company records. It includes associated visits to the Company's external storage location and key holder's premises.

Photocopying - this expense represents the costs of copying statutory notifications and reports to the Company's creditors and issuing correspondence pursuing the Company's debtors.

Postage - this expense represents the costs of sending statutory notifications and reports to the Company's creditors and issuing correspondence pursuing the Company's debtors.

- 10.5 Of the above disbursements, the sum of £578 relates to Category 2 disbursements.

11. Expenses

11 1 Details of expenses incurred during the period of the report and likely future expenses are provided in the Expenses Statement attached at *Appendix C*

11 2 Further information in respect of the significant expenses incurred is provided in the following section

11 3 Professional advisors

11 3 1 The professional advisors used on this assignment are provided below, together with details on the nature of the engagement and the fee arrangement

Name	Nature of Work	Basis of fee Arrangement	Amount paid in period (£)
Gordon Brothers Europe	Review, valuation and sale of the Company's chattel assets	To be agreed	Nil
Veale Wasbrough Vizards LLP	Legal advice regarding Administrators' appointment, the validity of security and creditor claims, general legal advice during the appointment and legal advice in connection with the freehold property	Time cost basis, subject to Administrators' approval	Pre-appointment £4,000 Post-appointment £8,333
Insol Financial Services Limited	Assistance with identifying Company pension schemes and assisting with the winding down of such schemes	Agreed fee based on level of work required	Nil
Greenslade Taylor Hunt	Marketing and sale of the Property	1 5% plus VAT of sale price achieved	Nil
	Reinstatement valuation of the Property for insurance purposes	Fixed fee of £350 plus VAT	Nil

11 3 2 The Administrators' choice of these advisors was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them

- 11 3 3 The Administrators have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case

12. Creditors' Rights

12 1 Further information

- 12 1 1 I would advise you that pursuant to rule 2 48A of the Insolvency Rules 1986, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the court, may, within 21 days of receipt of this progress report, ask the Administrator for further information about the remuneration and expenses set out in this progress report

12 2 Apply to Court

- 12 2 1 Additionally, pursuant to rule 2 109 of the Insolvency rules 1986, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the court may, within 8 weeks of the receipt of this progress report, apply to the Court on one or more of the following grounds

- the remuneration charged by the Joint Administrators, or
- the basis fixed for the Joint Administrator's remuneration, or
- expenses incurred by the Joint Administrators

is or are in all of the circumstances, excessive or inappropriate

12 3 Further guidance

Creditors can find additional information on their rights relating to Administrators' fees in a copy of the publication "A creditors guide to Administrators' Fees" which is available to download from

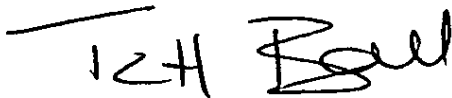
https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf or alternatively will be provided free of charge upon written request to this office

13. Discharge of liability

- 13 1 In accordance with Para 98(2)(b) of Schedule B1 of the Insolvency Act 1986, I sought and obtained a resolution from creditors that I can be discharged from liability 14 days after my final report is issued, at the meeting of creditors held on 14 June 2016

14. Ending the Administration

- 14 1 The Administration is now complete and this is my final report as Joint Administrator. I enclose Form 2 34B, notice of move from Administration to Creditors' Voluntary Liquidation, for your reference.
- 14 2 Form 2 34B was filed with the Registrar of Companies on 6 September 2016, at which point the Administration ceased to have effect. On 6 September 2016, the Company entered into Creditors' Voluntary Liquidation and T C H Ball of Mazars LLP was appointed as Liquidator of the Company.
- 14 3 Funds totalling £266,479 have been transferred to the appointed Liquidator following the conclusion of the Administration.
- 14 4 The Liquidator will seek to realise outstanding assets and commence the process of seeking to agree the claims of the Company's unsecured creditors, as appropriate, in order to make dividend distribution/s to them, in due course.



T C H Ball

Joint Administrator

30 September 2016

Authorised to act as an insolvency practitioner in the UK by the Unrecognised Body and bound by the Insolvency Code of Ethics

*The affairs, business and property of the Company are being managed by the Joint Administrators
The Joint Administrators act as agents of the Company and without personal liability*

Learning South West - In Administration
Statutory Information

Company name	Learning South West
Previous names	-
Trading name	Learning South West
Company number	02806593
Registered office	c/o Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP, having previously been Bishops Hull House, Bishops Hull Road, Bishops Hull, Taunton, Somerset, TA1 5EP
Trading address	Formerly Bishops Hull House, Bishops Hull Road, Bishops Hull, Taunton, Somerset, TA1 5EP
Court	High Court of Justice, Bristol District Registry
Court reference	133 of 2016
Date of appointment	11 April 2016
Joint Administrators	T C H Ball and G R T Hollander of Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP IP Nos 8018 and 9233
Joint Administrators' functions	All acts required to be done by the joint administrators, may be done by either or both, acting jointly or alone
Appointed by	The directors

Learning South West – In Administration
**Administrators' Summarised Receipts & Payments
For the period from 11 April 2016 to 6 September 2016**

	Estimated to realise per Joint Administrators' Proposals £	Received / Paid Period from 11 April 2016 to 6 September 2016 £
RECEIPTS		
Surplus from freehold property, subject to fixed charge	616,945	-
Cash in hands of third party	49,500	49,500
Cash at Bank	332,344	332,777
Petty cash	749	749
Furniture and equipment	2,000	-
Book debts	10,000	13,529
Property licence fee	-	6,667
Bank interest (gross)	-	683
	<u>1,011,538</u>	<u>403,905</u>

PAYMENTS

Preferential creditor dividend distribution 100p/£ (07/2016)	15,517
Property costs	
Utility security deposit	1,000
Property cleaning	983
Electricity	411
Key holder and alarm callout	161
Water and sewerage	129
Telephone and broadband re alarm	549
Non-domestic business rates	1,069
Garden maintenance	785
Commercial settlement	5,000
Pre-appointment Legal fees	4,000
Pre-appointment Legal disbursements	50
Mazars LLP's pre-appointment fees	14,385
Mazars LLP's pre-appointment disbursements	141
Legal fees	8,333
Administrators' fees	55,000
Administrators' disbursements	1,767
IT services	500
Insurance of assets	1,896
Retained employee wages, PAYE and NIC	6,384
Retained employee pension contributions	1,837
Statutory advertising	156
Mail redirection	175
Bank charges	13
Irrecoverable VAT	17,215
Transfer to Liquidator	266,449
	<hr/> 403,905 <hr/>
BALANCE	<hr/> Nil <hr/>

EXPENSES STATEMENT

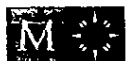
Details of expenses incurred in the current period and details of future anticipated expenses are provided below, together with an explanation as to why the expenses have been, or will be, incurred. This includes all expenses incurred by the Joint Administrators irrespective of whether or not they have been paid and may include estimated amounts where actual invoices have not yet been received.

Details of expenses paid during the period of the report are shown in the receipts and payments account at *Appendix B*.

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
Professional advisors' costs					
Joint Administrators' remuneration	To project manage the orderly winding up of the Company's affairs, and to perform those tasks required of an Administration as dictated by statute Please see section 8 of the report	98,700	112,890	Nil	112,890
Joint Administrators' disbursements	Disbursements are expenses paid by this Firm and re-charged to the estate when there are sufficient funds A breakdown is provided at section 10 of the report	1,000	1,767	Nil	1,767
Pre-appointment costs	The pre-administration costs total £18,576, plus VAT Veale Wasbrough Vizards LLP were instructed to draft appointment documents. Their charges in connection with these services are £4,000 plus VAT and disbursements of £50 and have been incurred on a time cost basis. Mazars' pre-appointment costs total £14,526 in relation to work carried out pre-Administration to assist the directors with the process of placing the Company into Administration and to allow the proposed Joint Administrators to gather information necessary in order to satisfy themselves that the purpose of this Administration was likely to be achieved. Please see section 8 of the report.	18,576	18,576	Nil	18,576

EXPENSES STATEMENT

Chattel Agent's fees	<p>To provide an independent professional valuation of the assets I instructed Gordon Brothers Europe because of their experience in providing such valuations in an insolvency scenario To assist with the disposal of assets, the return of third party goods and the clearance of the Property</p> <p>As the Property has yet to be sold, it is envisaged that my agents will to instructed to provide further assistance with the sale of the chattel assets and / or clearance of the Property in the liquidation and such costs will become an expense of the Liquidation</p>	3,000	NIL	NIL	NIL
Property Agent's fees and disbursements	<p>Greenslade Taylor Hunt were instructed to assist with the marketing and sale of the Company's freehold property</p> <p>As the Property has yet to be sold, the fees and disbursements will be incurred and payable in the liquidation</p>	12,000	Nil	Nil	Nil
Legal fees re sundry issues	<p>Veale Wasbrough Vizards LLP are instructed to provide legal advice during the course of the Administration This firm of lawyers was chosen based on their experience in insolvency matters and their Charity sector expertise</p> <p>Their fees are agreed on a time cost basis</p>	11,333	8,333	Nil	8,333
Legal fees re property	<p>Veale Wasbrough Vizards LLP are instructed to provide legal advice during the course of the Administration This firm of lawyers was chosen based on their experience in insolvency matters and their Charity sector expertise</p> <p>As the Property has yet to be sold, it is envisaged that my solicitors will to instructed to provide further advice and assistance with the sale of the Property in the liquidation</p>	19,000	Nil	Nil	Nil
Pension investigation fees	<p>Insol Group Limited were instructed to assist with the review of any pension schemes linked to the above insolvent company, and assist with the winding up of such schemes, as well as resolving any issues arising from the schemes found</p>	750	750	Nil	750



EXPENSES STATEMENT

		This work is ongoing and when finalised, the expense incurred will be settled in the liquidation				
Other expenses						
	Property maintenance/ security/ cleaning	It is necessary to secure and maintain the freehold Property prior to its sale Accordingly, the services of a gardener and a cleaner have been retained and further costs are being incurred in relation to the alarm system As the Property is yet to be sold, further expenses will be incurred in the subsequent liquidation	5,350	2,478	Nil	2,478
	Property costs i.e non-domestic rates/ gas/ electricity/ water	Certain running costs will be incurred prior to the sale of the Property As the Property is yet to be sold, further expenses will be incurred in the subsequent liquidation	20,000	2,609	Nil	2,609
	Statutory Advertising	Notice of my appointment and of the creditors' meeting must be advertised in the London Gazette Costs are paid to TMP (UK) Limited for statutory advertising requirements	278	156	Nil	156
	Bonding	It is a legal requirement that I take out a specific bond in respect of the value of the assets On the basis the assets recovered are likely to total over £1,000,000 the bond was paid to JLT Speciality Limited This was paid as a disbursement (see above)	750	742	Nil	742
	Insurance of assets	I am required to insure the Company's assets until they are disposed of, including the freehold Property The assets of the Company are insured under the Insolvency Scheme with JLT Specialty Limited As the Property is yet to be sold, further expenses will be incurred in the liquidation	5,069	1,896	Nil	1,896
	Retained employee wages, PAYE and NIC	Following my appointment, I retained certain employees to assist me with the orderly wind down of the Company and to assist me gather the information required during the Administration	6,384	6,384	Nil	6,384

EXPENSES STATEMENT

		Payments were in accordance with employees' agreements with the Company and as required by law				
	Retained employee pension contributions	Following my appointment, I retained certain employees to assist me with the orderly wind down of the Company and to assist me gather the information required during the Administration Payments were in accordance with employees' agreements with the Company and as required by law	1,837	1,837	Nil	1,837
	Mail redirection	A mail redirection has been set up to ensure all mail is received by the Administrators	175	175	Nil	175
	Telephone, broadband and IT services	Certain services were retained following my appointment to assist me in gathering information, or securing assets	753	500	Nil	500
	Irrecoverable VAT	The Company is not VAT registered and, accordingly, the VAT element of costs is not recoverable during the Administration As certain assets are yet to be sold, further expenses will be incurred in the liquidation	34,003	17,216	Nil	17,216
	Commercial Settlement	On the advice of my solicitors, a commercial settlement was entered into in respect of a claim against the Company which was disputed, given the risk of losing litigation and in order to minimise costs	-	5,000	Nil	5,000
	Bank Charges	This represents charges for operating Company bank accounts Further expenses will be incurred in the liquidation	-	13	Nil	13
	Total		238,958	181,322	NIL	181,322

Notes
Professional advisors

The Joint Administrators' choice of the professional advisors listed above was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them

The Joint Administrators have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case



MAZARS

ADMINISTRATORS' ANALYSIS OF TIME COSTS AND COMPARISON TO FEES ESTIMATE

The Joint Administrators' total Fees Estimate as approved by creditors on 14 June 2016 was £98,700

As detailed in Section 9 of the report, total costs incurred to 6 September 2016 were £112,890

The following table provides details of the Administrators' actual time costs incurred in the reporting period, 11 April 2016 to 6 September 2016, compared to the estimated costs as per the Fees Estimate

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors is provided within the narrative summary of the Joint Administrators' time costs at *Appendix D2*

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report at *Appendix D5*. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.



M A Z A R S

LEARNING SOUTH WEST - IN ADMINISTRATION

APPENDIX D1

**ADMINISTRATORS' ANALYSIS OF TIME COSTS
AND COMPARISON TO FEES ESTIMATE**

Description of Work	Fees Estimate Approved on 14 June 2016			Actual time costs for the period 11 April 2016 to 6 September 2016			Variance	
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time (hours)	Costs (£)
Admin & Planning	150	3,600	240	12.5	3,191	255	(2.5)	(409)
Taxation	80	1,600	200	6.1	1,020	167	(1.9)	(580)
Investigations	300	7,500	250	25.9	6,684	258	(4.1)	(816)
Realisation of Assets	1250	31,250	250	160.7	36,010	224	35.7	4,760
Employees	300	6,300	210	24.4	5,148	211	(5.6)	(1,152)
Creditors	500	11,250	225	66.3	16,222	245	16.3	4,972
Reporting	500	10,000	200	77.8	17,913	230	27.8	7,913
Cashiering	200	3,200	160	21.9	4,441	203	1.9	1,241
Statutory, Compliance, Securing Records & Sundry work re Closure	1200	24,000	200	110.5	22,261	201	(10.4)	(1,739)
Totals	448	98,700	220	506.1	112,890	223	57.2	14,190



NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS FOR THE PERIOD 11 APRIL 2016 TO 6 SEPTEMBER 2016

Introduction

The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors

This summary should be read together with the Joint Administrators' Time Costs Analysis at *Appendix D1*. The costs incurred in relation to each category are set out in the attached Time Cost Analysis

Work carried out in the current period

Administration and planning

The Administrators have undertaken the following work

- Case acceptance and ethical reviews
- Completing case strategy notes
- Holding strategy meetings
- Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system

The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.

Taxation

The following activities were undertaken in order to ensure the Company is compliant with tax requirements

- Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquiries will assist with my own investigations
- Reviewing the Company's VAT position and establishing its registration status
- Preparing post-liquidation Corporation Tax returns as required by statute
- Assessment of tax position re potential chargeable gains on the sale of assets
- Ensuring any pre-appointment returns are submitted to HMRC to enable them to correctly agree HMRC's claim
- Liaising with HMRC

The majority of this work derived no financial benefit for creditors, however it is required in accordance with tax legislation

Investigations

Further details of the investigation required to be carried out is provided within the report

A summary of the work undertaken to date is as follows

- Investigating the Company's affairs to include a review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business
- Correspondence with directors regarding the reasons for the Company's failure
- Review of creditor questionnaires and investigation into any matters notified
- Reporting to the Insolvency Service on the directors' conduct

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure compliance with statutory duties

Realisation of Assets

The work undertaken in respect of the realisation of the Company's assets is detailed in the report and the following has been carried out



NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS FOR THE PERIOD 11 APRIL 2016 TO 6 SEPTEMBER 2016

- Securing assets
- Obtaining a professional valuation of the Company's chattel assets to ensure the most appropriate offer is accepted in due course and liaising with the agents
- Seeking professional view and initial marketing advice and costs from three Property agents Review of strategies and instructing one agent to market and sell the Property
- Liaising with solicitors regarding the marketing and sale of the freehold property
- Liaising with a third party in occupation of the property under the terms of a licence Collection of the licence fee
- Working with retained staff to determine the value of outstanding debtors and to secure relevant records
- Corresponding with debtors and dealing with disputes
- Instructing and liaising with solicitors to pursue debtors, as necessary
- Dealing with parties interested in the business as a whole
- Dealing with parties interested in the Property
- Dealing with third party claims to title over assets
- Dealing with hire purchase assets
- Arranging insurance cover over assets
- Property related matters i.e. security, maintenance and repairs
- Correspondence with the Company's bankers and realisation of the remaining cash at bank balances
- Liaising with agents regarding chattel assets
- Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate The costs associated with the recovery are considered appropriate in the circumstances

Employees

The Company employed 10 employees most of which were made redundant prior to the Administration, but some were made redundant during the Administration

Work undertaken in respect of the employees included

- Assisting employees with their redundancy and entitlements
- Writing to employees and dealing with any queries they may have in respect of their claims
- Establishing amounts owed to employees
- Gathering payroll information
- Liaising with the Redundancy Payments Service and submitting forms RP14, RP14a in relation to the employees' claims
- Investigating the potential claims in respect of unpaid pension contributions and instructing and monitoring agents engaged to assist
- Corresponding with Government agencies, as necessary
- Complying with statutory obligations in relation to pension schemes

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors, however, a 100p/£ dividend was be paid to preferential creditors in this regard The work involved in assessing and adjudicating employee claims does have a financial benefit to employees

Creditors

It was estimated that there are likely to be in the region of 172 unsecured creditor claims totalling £1,440,724, in accordance with the Company's books and records, although claims received to date have greatly exceeded this sum In order to ensure that creditors are dealt with appropriately, the following work was required

- Responding to any queries which arise
- Seeking legal advice and entering into a commercial settlement further to a creditor's legal action
- Logging creditor claims
- Collating information from the Company records to assist with claim adjudication work



NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS FOR THE PERIOD 11 APRIL 2016 TO 6 SEPTEMBER 2016

- Convening and attending creditors' meetings and preparing minutes of these meetings

In addition to this, as distributions were anticipated and a preferential dividend distribution of £100p/£ was made, the following work was required

- Secured creditor – liaising with National Westminster Bank Plc (the "Bank") in relation to its security and the marketing of the Property
- Preferential creditors – liaising with the Redundancy Payments Service ("RPS") to agree their claim and adjudication of additional employee claims in excess of statutory limits paid out by the RPS and dealing with queries therein
- Preparing preferential dividend calculation
- Processing and payment of 100p/£ preferential distribution

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. The work involved in agreeing and paying creditor claims provides a financial benefit though ensuring that the level of claims admitted for dividend purposes is correct and in distributing funds to creditors.

Reporting

Reporting requirements during the period as prescribed by statute have included the following

- Preparing and issuing the Administrators' Proposals
- Reporting to Creditors in respect of fee and expenses approvals
- Reporting the outcome of the creditors' meeting
- Closure Reporting and converting to Liquidation

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.

Cashiering

Cashiering work undertaken includes

- Establishing set up of case details on our insolvency software system
- Setting up bank accounts, as necessary
- Bank account maintenance, including periodic reconciliations
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.

Statutory, Compliance, Securing Records & Sundry Work re Closure

The work undertaken as required by statute and our internal procedures involved

- Preparation and lodgement of statutory appointment documents (i.e. advertising appointment/ filing papers at Companies House)
- Initial notices following appointment (creditors/ members, charity commission Information Commissioner, auditor, etc)
- Change of registered office
- Case monitoring and statutory compliance, including internal case reviews
- Case bordereau
- Attending the Company's trading premises following appointment, to meet with staff, etc
- Securing and boxing up the Company's books and records
- Secure and review of statutory and accounting records at external storage location and dealing with the vacation of that site
- Seeking to maintain services with suppliers (e.g. broadband, IT security) to enable Company records to be preserved, accessed and removed



**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 11 APRIL 2016 TO 6 SEPTEMBER 2016**

- Review of electronic records, their format and seeking to secure these files, in anticipation of the Administrators' investigations
- Arranging the uplift of statutory and accounting records and the secure disposal of those records identified that the Administrators are not required to take into their possession
- Filing documentation at Companies House following being notified of a director's resignation
- Payroll and pension calculation, processing, payment and reporting, with regard to retained employees assisting with accounting and the Company's statutory and accounting books and records
- Formally requesting a Statement of Affairs from the directors, responding to queries received, liaison with directors in respect of their concurrence or otherwise with the document and filing the Statement of Affairs upon receipt at Companies House
- Review and making payment in respect of Statutory bonding and advertising costs incurred

The majority of this work derived no financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.



M A Z A R S

LEARNING SOUTH WEST - IN ADMINISTRATION

APPENDIX D3

THE JOINT ADMINISTRATORS' ORIGINAL FEES ESTIMATE AT 27 MAY 2016



MAZARS



Strictly Private and Confidential

Learning South West – In Administration

FEES INFORMATION PACK

Contents

Appendix

- D1 Fee Estimate**
- D2 Detailed Fee Estimate**
- D3 Estimated Outcome Statement**
- D4 Expense Estimate**
- D5 Rates and Disbursements policy**

FEES ESTIMATE

My total Fees Estimate as at 27 May 2016 to conclude this matter is £98,700 I have provided below a breakdown of how these costs will be split between the different functions my staff and I are likely to perform on this case

Description of Work	Blended Hourly Rate (£)	Total Time (hours)	Total Costs (£)
Administration & Planning	240	15 0	3,600
Taxation	200	8 0	1,600
Investigations	250	30 0	7,500
Realisation of Assets	250	125 0	31,250
Employees	210	30 0	6,300
Creditors	225	50 0	11,250
Reporting	200	50 0	10,000
Cashiering	160	20 0	3,200
Statutory, Compliance, Securing Records & Sundry Work re Closure	200	120 0	24,000
Total	220	448	98,700

Attached to this Fees Estimate is a detailed summary of the work anticipated, together with an explanation as to why the various tasks are required

Creditors will note that a blended hourly charge-out rate has been provided This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding

Not all of the work which I am required to perform will provide a direct financial benefit to creditors Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such However, a large proportion of the work will be dealing with securing and realising assets, with a view to maximising the funds available to creditors

On this case, assuming realisations are as anticipated in the attached Estimated Outcome Statement, the above work is likely to provide a financial benefit to secured and preferential creditors who would receive payment in full and also unsecured creditors, who would receive a significant dividend, during a subsequent Liquidation, depending on realisations

Exceeding the Fees Estimate

The Fees Estimate has been based on previous examples of cases of a similar size and complexity to this case, together with our current knowledge of the case and the work which we anticipate will be necessary

The above estimate also assumes that the Administration will remain open for less than 12 months and that the Administration will not require extending

This Fee Estimate is also based on the assumption that the Company's assets will be limited to those assets detailed on the estimated outcome statement provided, and on the assumption that my initial investigations will not lead to further more detailed investigations and/ or the pursuit of actions against third parties for the recovery of funds

Furthermore, this fee estimate does not include the costs associated with a subsequent liquidation, and the agreement of unsecured creditor claims, should this become necessary

In the event that further work is required in respect of the above and/or the Administration extends beyond the estimated timeframe, it is likely that the Fees Estimate will be exceeded, at which point it will be necessary to seek further approval for an increase

Costs already incurred

An element of work has been undertaken on this case prior to fee approval due to statutory deadlines and so as to ensure the security of the assets

The following provides a breakdown of the Administrators' actual time costs incurred to date ("A") compared to estimated costs as per the Fees Estimate ("E")

Description of Work		Blended Hourly Rate (£)	Total Time (hours)	Total Costs (£)	Variance (£)
Admin & Planning	E	240	15 0	3,600	
	A	242	10.7	2,594	1,006
Taxation	E	200	8 0	1,600	
	A	203	1.8	365	1,235
Investigations	E	250	30 0	7,500	
	A	310	5.5	1,703	5,797
Asset realisation	E	250	125 0	31,250	
	A	222	86.0	19,066	12,184
Employees	E	210	30 0	6,300	
	A	209	19.6	4,094	2,206
Creditors	E	225	50 0	11,250	
	A	251	27.2	6,839	4,411
Reporting	E	200	50 0	10,000	
	A	193	15.3	2,953	7,047
Cashiering	E	160	20 0	3,200	
	A	166	6.5	1,079	2,121
Statutory, Compliance, Securing Records & Sundry Work re Closure	E	200	120 0	24,000	
	A	194	99.0	19,188	4,812



DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><u>Administration and Planning</u> This type of work will involve</p> <ul style="list-style-type: none"> • Case acceptance and ethical reviews • Completing case strategy notes • Holding strategy meetings • Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system <p>This work is necessary to ensure that the case is administered correctly and in line with statutory requirements. The estimate above assumes that the case will remain open for less than 12 months</p>	15	3,600	240
<p><u>Taxation</u> Taxation work to be completed will include</p> <ul style="list-style-type: none"> • Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquiries will assist with my own investigations, • Reviewing the Company's VAT position and establishing its registration status, • Preparing post-liquidation Corporation Tax returns, as required by statute, • Assessment of tax position re potential chargeable gains on the sale of assets, • Ensuring any pre-appointment returns are submitted to HMRC to enable them to correctly agree HMRC's claim • Liaising with HMRC <p>The estimate above assumes that the case will remain open for less than 12 months</p>	8	1,600	200
<p><u>Investigations</u> Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute. They also assist with the Administrators' duty under the Company Directors Disqualification Act 1986</p> <p>A summary of the work yet to be concluded in this regard is provided below</p> <ul style="list-style-type: none"> • Review of Company books and records, including bank statements to identify any potential transactions that were outside the ordinary course of business • Correspondence with directors regarding the reasons for the Company's failure and Review of creditor questionnaires and investigation into any matters notified • Investigating the Company's affairs to include a review of the Company's books and records and in particular, the bank statements • Reporting to the Insolvency Service on the directors' conduct <p>My estimate assumes that there are no adverse findings during my investigations. In the event that investigations reveal possible actions, then these may lead to additional realisations but the costs of pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately</p>	30	7,500	250



DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>Realisation of Assets</p> <p>The Company's assets comprise cash at bank cash in hand of third parties, a freehold property currently occupied under a licence by a third party, book debts, furniture and equipment, and petty cash</p> <p>Actions required to realise the Company's assets include</p> <ul style="list-style-type: none"> • Securing assets • Obtaining a professional valuation of the Company's assets to ensure the most appropriate offer is accepted and liaising with the agents in respect of their views as to the offers received • Liaising with solicitors regarding the marketing and sale of the freehold property • Liaising with a third party in occupation of the property under the terms of a licence Collection of the licence fee • Working with retained staff to determine the value of outstanding debtors and to secure relevant records, • Corresponding with debtors, • Instructing, and liaising with solicitors to pursue debtors, as necessary • Negotiations with interested parties and agreeing sale of assets • Dealing with parties interested in the business as a whole • Assisting creditors with reservation of title claims • Dealing with third party claims to title over assets • Dealing with hire purchase assets • Arranging insurance cover over assets • Property related matters i.e security/ maintenance • Correspondence with the Company's bankers and realisation of the remaining cash at bank balances • Liaising with agents and settling costs associated with asset sales • Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company <p>The estimate assumes that the Company's assets will be limited to those assets detailed on the estimated outcome statement provided and that the case will remain open for less than 12 months</p> <p>This estimate further assumes that litigation will not be required in relation to the recovery of the Company's book debts and that the Property will be sold during the Administration and within a period of 12 months, without the need to obtain planning consents, etc, in order to enhance its value</p>	125	31,250	250
<p>Employees</p> <p>The Company employed 10 employees, most of which were made redundant prior to the Administration, but some were made redundant during the Administration</p> <p>Work that will be required in respect of the employees will include</p> <ul style="list-style-type: none"> • Assisting employees with their redundancy and entitlements • Writing to employees and dealing with any queries they may have in respect of their claims • Establishing amounts owed to employees • Gathering payroll information 	30	6,300	210



DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> • Liaising with the Redundancy Payments Service and submitting forms RP14, RP14a in relation to the employees' claims • Investigating the potential claims in respect of unpaid pension contributions • Submission of an RP15 claim to the Redundancy Payments Service in relation to outstanding pension contributions • Corresponding with Government agencies with regard to Statutory Maternity Pay, Attachments of Earnings etc, as necessary • Complying with statutory obligations in relation to pension schemes <p>The above work is required to enable the employees' claims to be dealt with appropriately. My estimate above assumes there are no Employment Tribunal cases and the case will remain open for less than 12 months</p>			
<p>Creditors</p> <p>It is estimated that there are likely to be in the region of 172 unsecured creditor claims totalling £1,440,724, in accordance with the Company's books and records. In order to ensure that creditors are dealt with appropriately, the following work will be required:</p> <ul style="list-style-type: none"> • Responding to any queries which arise • Logging creditor claims • Collating information from the Company records to assist with claim adjudication work • Convening and attending creditors' meetings and preparing minutes of these meetings • Convening and attending creditor committee meetings (if formed) and preparing minutes in respect of such meetings <p>In addition to this, as distributions are anticipated, the following work will be required to prepare the distributions:</p> <ul style="list-style-type: none"> • Secured creditor – liaising with National Westminster Bank Plc (the "Bank") in relation to its security and the sale of the Property. Agreeing the Bank's claim and issuing a dividend • Preferential creditors – liaising with the Redundancy Payments Service ("RPS") to agree their claim and adjudication of additional employee claims in excess of statutory limits paid out by the RPS, • Preparing dividend calculations • Processing and payment of distributions <p>My estimate excludes the costs associated with agreeing unsecured creditor claims and dealing with an unsecured dividend. Such costs will be agreed with creditors during a subsequent Liquidation. This estimate further assumes that one dividend will be proposed to be paid to Preferential creditors, and the case will remain open for less than 12 months</p>	50	11,250	225
<p>Reporting</p> <p>Reporting requirements as prescribed by statute are as follows:</p> <ul style="list-style-type: none"> • Preparing and issuing the Administrators' Proposals 	50	10,000	200



DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Six-monthly progress reports Reporting to Creditors in respect of fee and expenses approvals Reporting the outcome of any meetings Reporting to the Creditors' Committee (if formed) Closure Reporting and converting to Liquidation <p>My estimate above assumes the case will remain open for less than 12 months</p>			
<p>Cashiering Cashiering work is required to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body. Work in this regard is likely to involve</p> <ul style="list-style-type: none"> Establishing set up of case details on our insolvency software system Setting up bank accounts, including deposit accounts as necessary Bank account maintenance, including periodic reconciliations Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions <p>My estimate above assumes that the case will remain open for less than 12 months</p>	20	3,200	160
<p>Statutory, Compliance, Securing Records & Sundry Work re Closure Statutory and compliance work as required by statute or our internal procedures involves</p> <ul style="list-style-type: none"> Preparation and lodgement of statutory appointment documents (i.e. advertising appointment/ filing papers at Companies House) Initial notices following appointment (creditors/ members, charity commission, Information Commissioner, auditors, etc) Change of registered office Case monitoring and statutory compliance, including internal case reviews Case bordereau Attending the Company's trading premises following appointment, to meet with staff, etc Securing and boxing up the Company's books and records Secure and review of statutory and accounting records at external storage location and dealing with the vacation of that site Seeking to maintain services with suppliers (e.g. broadband, IT security) to enable Company records to be preserved, accessed and removed Review of electronic records, their format and seeking to secure these files, in anticipation of the Administrators' investigations Arranging the uplift of statutory and accounting records and the secure disposal of those records identified that the Administrators are not required to take into their possession Filing documentation at Companies House following being notified of a director's resignation Payroll and pension calculation, processing, payment and reporting, with regard to retained employees assisting with accounting and the Company's statutory and accounting books and records 	120	24,000	200

**DETAILED FEES ESTIMATE**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none">Formally requesting a Statement of Affairs from the directors, responding to queries received, liaison with directors in respect of their concurrence or otherwise with the document and filing the Statement of Affairs upon receipt at Companies HouseReview and making payment in respect of Statutory bonding and advertising costs incurred <p>My estimate above assumes that the case will remain open for less than 12 month</p>			
<u>Overall</u>	448	98,700	220

**Learning South West
(in Administration)**

**Estimated Outcome Statement
As at 27 May 2016**

	Statement of Affairs - Estimated to realise value £	Receipts and Payments		
		Period 11.04 2016 to 27 05 2016 £	Estimated future realisations £	Total £
Assets Subject to Fixed Charge				
Freehold property	650,000	-	650,000	650,000
Licence fee to occupy property	0	-	5,000	5,000
Distribution to Fixed Chargeholder - National Westminster Bank	(33,055)	-	(33,055)	(33,055)
Balance of Fixed Charge assets	616,945	-	621,945	621,945
Uncharged assets				
Surplus from the sale of fixed charge assets	616,945	-	621,945	621,945
Cash in hands of third party	49,500	49,500	-	49,500
Cash at Bank	332,344	332,777	-	332,777
Petty cash	749	749	-	749
Furniture and equipment	2,000	-	2,000	2,000
Book debts	10,000	10,398	uncertain	10,398
	1,011,538	393,424	623,945	1,017,369
Less Costs of realisation				
Property maintenance/ security/ cleaning		(350)	(5,000)	(5,350)
Property costs i.e. rates/ gas/ electricity/ water		-	(20,000)	(20,000)
Retained employee wages, PAYE and NIC		(6,384)	-	(6,384)
Retained employee pension contributions		(1,837)	-	(1,837)
Telephone, broadband and IT services		(253)	(500)	(753)
Statutory Advertising		(78)	(200)	(278)
Mail redirection		(175)	-	(175)
Insurance of assets		(69)	(5,000)	(5,069)
Legal fees re property		(4,000)	(15,000)	(19,000)
Legal fees re sundry issues		(1,333)	(10,000)	(11,333)
Legal fees re appointment		-	(4,050)	(4,050)
Pension investigation		-	(750)	(750)
Agent's costs re chattel assets/ clearance of the property		-	(3,000)	(3,000)
Agent's costs re property		-	(12,000)	(12,000)
Statutory bonding		-	(750)	(750)
Mazars' LLP pre-Administration costs		-	(14,526)	(14,526)
Administrators' remuneration		-	(98,700)	(98,700)
Administrators' disbursements		-	(1,000)	(1,000)
Irrecoverable VAT		(1,158)	(32,845)	(34,003)
		(15,637)	(223,321)	(238,958)
Estimated funds available to Preferential Creditors		377,787	400,624	778,411
Preferential Creditors 100p/£	(15,032)	-	(15,032)	(15,032)
Estimated funds to transfer to a Liquidator				763,379



EXPENSE ESTIMATE

The estimated expenses in this case are expected to total £238,958 as per the Estimated Outcome Statement attached. Explanations as to why those expenses are required are detailed below.

Note	Type of Expenditure	Requirement for Expenditure	Likely Cost (£)
1	Administrators' remuneration	To project manage the orderly winding up of the Company's affairs, and to perform those tasks required of an Administration as dictated by statute	98,700
2	Pre-appointment costs	<p>The pre-administration costs total £18,576, plus VAT</p> <p>Veale Wasbrough Vizards LLP were instructed to draft appointment documents. Their charges in connection with these services are £4,000 plus VAT and disbursements of £50 and have been incurred on a time cost basis.</p> <p>Mazars' pre-appointment costs total £14,526 in relation to work carried out pre-Administration to assist the directors with the process of placing the Company into Administration and to allow the proposed Joint Administrators to gather information necessary in order to satisfy themselves that the purpose of this Administration was likely to be achieved. These costs are analysed at <i>Appendix B</i>.</p>	18,576
3	Chattel Agent's fees	To provide an independent professional valuation of the assets. I have already instructed Gordon Brothers Europe because of their experience in providing such valuations in an insolvency scenario. To assist with the disposal of assets, the return of third party goods and the clearance of the Property.	3,000
4	Property Agent's fees	To assist with the marketing and sale of the Company's freehold property. An agent has not yet been instructed, however it is anticipated that agent's fees are likely to be in the region of 1.5% of the sale price, plus disbursements.	12,000
5	Legal fees re sundry issues	Veale Wasbrough Vizards LLP are instructed to provide legal advice during the course of the Administration. This firm of lawyers was chosen based on their experience in insolvency matters and their Charity sector expertise.	11,333
6	Legal fees re property	Veale Wasbrough Vizards LLP are instructed to provide legal advice during the course of the	19,000

EXPENSE ESTIMATE

		<p>Administration This firm of lawyers was chosen based on their experience in insolvency matters and their Charity sector expertise</p> <p>My solicitors have already provided advice on the validity, and scope, of security on the Property and the occupation of the Property</p> <p>It is envisaged that my solicitors will provide further advice and assistance with the sale of the Property</p>	
7	Pension investigation fees	To assist with the review of any pension schemes linked to the above insolvent company, and assist with the winding up of such schemes, as well as resolving any issues arising from the schemes found	750
8	Property maintenance/ security/ cleaning	It is necessary to secure and maintain the freehold Property prior to its sale Accordingly, the services of a gardener and a cleaner have been retained and further costs are being incurred in relation to the alarm system	5,350
9	Property costs i.e non-domestic rates/ gas/ electricity/ water	Certain costs will be incurred prior to the sale of the Property I have prudently estimated that these costs will be incurred for a period of 12 months, however it is hoped that the Property will be sold well within this period	20,000
10	Statutory Advertising	Notice of my appointment and of the creditors' meeting must be advertised in the London Gazette	278
11	Bonding	It is a legal requirement that I take out a specific bond in respect of the value of the assets On the basis the assets recovered are likely to total over £1,000,000 the bond will be as stated	750
12	Insurance of assets	I am required to insure the Company's assets until they are disposed of, including the freehold Property	5,069
13	Retained employee wages, PAYE and NIC	Following my appointment, I retained certain employees to assist me with the orderly wind down of the Company and to assist me gather the information required during the Administration	6,384
14	Retained employee pension contributions	Following my appointment, I retained certain employees to assist me with the orderly wind down	1,837

EXPENSE ESTIMATE

		of the Company and to assist me gather the information required during the Administration	
15	Administrators' disbursements	These costs relate to mileage, travel, subsistence, postage, photocopying which has been incurred by Mazars LLP and will be reclaimed through the case	1,000
16	Mail redirection	A mail redirection has been set up to ensure all mail is received by the Administrators	175
17	Telephone, broadband and IT services	Certain services were retained following my appointment to assist me in gathering information, or securing assets	753
18	Irrecoverable VAT	The Company is not VAT registered and, accordingly, the VAT element of costs is not recoverable during the Administration	34,003
Total			238,958

Learning South West - In Administration**Rates and Disbursements Policy****Charge-out rates**

Details of the current charge-out rates of the personnel working on this case are set out below

Grade of personnel	Current hourly charge out rate effective from 1 September 2015 (£)
Partner	395
Senior Manager	335
Insolvency Administrators	75 - 200
Cashiers	100 - 130
Secretary	85
VAT Senior Manager	185
Taxation Partner	320
Taxation Senior Manager	185
Taxation Assistant Manager	110
Taxation Administrator	50 - 90

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into 2 categories as follows

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the liquidator or his firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.



It is proposed that the following Category 2 disbursements incurred in administering the case be charged

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned
- Document storage – £3 53 per box per annum, based on the cost charged by the storage company for storage of boxes and files of records and allocated on the basis of the number of boxes per case and a one-off cost of £2 60 per box for the acquisition of the storage boxes. The cost of confidentially destroying records is currently £1 70 per box
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 5p per page
- Mileage will be charged at relevant HM Revenue & Customs rates, currently 45p per mile
- Electronic verification of individual's identity for money laundering purposes, charged at £2 50 per individual or £10 00 per company (where applicable)

All other disbursements are to be reimbursed at cost

The Administrators reserve the right to increase the charges applicable to mileage and photocopying during the course of the Administration in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.



**REVISED FEES ESTIMATE
AS AT 6 SEPTEMBER 2016**

Attached at *Appendix D3* is a copy of the Administrators' original Fees Estimate dated 27 May 2016, totalling £98,700

This Appendix provides information on the Administrators' Revised Fees Estimate. The Administrators will be seeking further approval for time costs in excess of the original Fee Estimate in the sum of £14,190, plus VAT. The table below provides a summary of the total Revised Fee Estimate, with total costs of £112,890.

The below table is the total Revised Fee Estimate

Total Revised Fee Estimate			
Description of Work	Blended Hourly Rate (£)	Total Time (hours)	Total Costs (£)
Administration & Planning	255	12.5	3,191
Taxation	167	6.1	1,020
Investigations	258	25.9	6,684
Realisation of Assets	224	160.7	36,010
Employees	211	24.4	5,148
Creditors	245	66.3	16,222
Reporting	230	77.8	17,913
Cashiering	203	21.9	4,441
Statutory, Compliance, Securing Records & Sundry Work re Closure	201	110.5	22,261
Total	223	506.1	112,890

Appendix D1 details the breakdown of the work undertaken, with the associated costs under or in excess of the original Fee Estimate. *Appendix D2* provides a detailed narrative summary of the work undertaken.

Creditors will note that in respect of the Revised Fee Estimate, a blended hourly charge-out rate has been provided. This is calculated as the average cost per hour based upon the time expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff who have worked on this case can be found on the Rates and Disbursements policy attached at *Appendix D5*. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

Not all of the work which I was required to perform provided a direct financial benefit to creditors. Some of the work to be undertaken was required because statute dictated that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion of the work was dealing with securing and realising assets, with a view to maximising the funds available to creditors.



**REVISED FEES ESTIMATE
AS AT 6 SEPTEMBER 2016**

Realisations have meant that preferential creditors have been paid 100p/£ and I have converted the case from an Administration to a Creditors' Voluntary Liquidation in order to allow a dividend distribution to unsecured creditors in due course. Accordingly, the work undertaken has provided a financial benefit to creditors.

Revision of the Fees Estimate

The Revised Fees Estimate has been based on actual costs incurred to closure of the Administration and the conversion of it to Creditors' Voluntary Liquidation.

As detailed at *Appendix D1*, work undertaken in certain categories was below that originally estimated, but additional work in certain categories led to time costs exceeding that originally estimated. This resulted in the original Fees Estimate being exceeded by £14,190. The table below provides further details of the additional work undertaken in those categories where work undertaken exceeded the original estimate.

Description of work	Additional Time (hours)	Additional Cost (£)
<u>Realisation of Assets</u> <ul style="list-style-type: none"> Initial liaison with Property agents and review of their proposed marketing strategies led to further queries before an agent was chosen and time taken was, therefore, in excess of that originally envisaged Queries and disputes in respect of debtors were more numerous than originally envisaged Utility suppliers required undertakings and in one case a security deposit as part of providing continued supplies. Agreements therein required review Unexpected issues at the Property have needed to be assessed and have led to repairs needing to be arranged All the above required input from more senior staff 	35.7	4,760
<u>Creditors</u> <ul style="list-style-type: none"> Review and responses to creditor queries raised, have been over and above the level originally envisaged, given the quantum of matters raised Seeking legal advice and entering into a commercial settlement further to a creditor's legal action, was unexpected and required input from more senior staff 	16.3	4,972
<u>Reporting</u> <ul style="list-style-type: none"> The amount of information to be included, and the consequential drafting time of various statutory reports, have exceeded that originally envisaged 	27.8	7,913
<u>Cashiering</u> <ul style="list-style-type: none"> The number of payments, particularly given increased maintenance and repair work in respect of the Property that needed to be undertaken, were in excess of that originally assumed and required input from more senior staff 	1.9	1,241

LEARNING SOUTH WEST - IN ADMINISTRATION**RATES AND DISBURSEMENTS POLICY****Charge-out rates**

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All other disbursements are to be reimbursed at cost