Rule 2 47

Form 2 24B(CH)

The Insolvency Act 1986

Administrator's progress report

Name of Company	Company Number
Learnıng and Skılls Network	05728105

In the	Court case number
Hıgh Court of Justıce, Chancery Dıvısıon, Companıes Court (full name of court)	9613 of 2011

(a) Insert full name(s) and address(es) of admınıstrator(s)

We (a) Davıd Peter Hurst, Ian Chrıstopher Oakley Smıth and Karen Lesley Dukes of Prıcewaterhouse Coopers LLP, 7 More London Rıversıde, London, SE1 2RT

admınıstrator(s) of the above company attach a progress report for the perıod

from	to
(b) 3 May 2012	(b) 14 June 2012

(b) Insert dates

Sıgned [signature]
Joınt / Admınıstrator(s)

Dated 26 June 2012

Contact Details:

You do not have to gıve any contact ınformatıon ın the box opposıte but ıf you do, ıt wıll help Companıes House to contact you ıf there ıs a query on the form The contact ınformatıon that you gıve wıll be vısıble to searchers of the publıc record

Amy Chısmon	
7 More London Rıversıde, London, SE1 2RT	
	Tel 020 7212 6815
DX Number	DX Exchange

Companıes House receıpt date barcode

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Companıes House, Crown Way, Cardıff, CF14 3UZ **DX 33050 Cardıff**

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Learning and Skills Network – in Liquidation

Formerly in Administration - High Court of Justice, Chancery Division, Companies Court Case, No. 9613 of 2011

The former Joint Administrators' final progress report
26 June 2012

Contents

1. The former Joint Administrators' final progress report

Introduction

The former Joint Administrators ("the Administrators") previously reported on 30 May 2012 and now provide their final progress report on the Administration of Learning and Skills Network ("the Company") pursuant to Rules 2 47 and 2 110 of the Insolvency Rules 1986 ("IR86")

This report is required to provide certain statutory information pursuant to Rule 2 47(1) IR86, which is shown at Section 2 and a summary of the Adminsitrators' proposals, which is shown at Section 3

Details of the steps taken during the Administration, assets still to be realised and the outcome of the Administration are set out below

Initial actions taken by the former Administrators

On appointment, the Administrators' strategy was to continue trading with a view to selling the business and assets of the Company in order to realise goodwill and to minimise claims from students and clients which would have materially impacted the outcome for unsecured creditors as a whole

The former Administrators' first progress report dated 30 May 2012 details the initial actions taken by the former Administrators since their appointment on 3 November 2012, including securing sales of three parts of the business, debtor collection, work to progress a potential VAT recovery, sale of a freehold property, closure of 2 offices, investigations and in prniple creditor claims adjudication

The full progress report is available at

www.pwc.co.uk/business-recovery/administrations/learning-and-skills-network.jhtml

Key outstanding realisations and other matters

The following realisations and outstanding matters will be concluded in the Liquidation

- Assign or disclaim all remaining property leases
- Book debt collection
- VAT refund
- Deferred consideration and apportionments collection
- Conclusion of preferential and unsecured claims agreement
- Adjudication of the Somerset LGPS claim
- Distribution to preferential and unsecured creditors

Final receipts and payments account

An account of the final receipts and payments in the Administration for the period from 3 May 2012 to 14 June 2012 is set out at section 4 to this report

Expenses statement

A statement of the expenses incurred by the former Administrators in the period 3 May 2012 to 14 June 2012 is included at Section 5

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period

The Administrators' accrued and unpaid expenses will be met from funds held by the Joint Liquidators in accordance with Paragraph 99 of Schedule B1 to the Insolvency Act 1986

Former Administrators' remuneration

In accordance with resolutions passed by the Creditors' Committee, the former Administrators' remuneration will be charged on a time costs basis.

1. The former Joint Administrators' final progress report

In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of the former Administrators' time costs, remuneration drawn and Category 2 disbursements for the period 3 May 2012 to 14 June 2012 is provided at Section 6 To date no further remuneration has been drawn in addition to that disclosed in the progress report to 2 May 2012

Creditors' rights

A statement of creditors' rights in relation to the former Administrators' remuneration and expenses is set out at Section 7 A copy of the guidance available to creditors regarding administrators' fees can be found at the following link

http //www pwc co uk/business-recovery/administrations/learning-and-skills-network jhtml

Outcome for creditors

The Liquidators anticipate that preferential creditors totalling approximately £169,000 will be paid in full The preferential claims of the Redundancy Payments Office and the pension schemes are being sought in order to finalise the agreement of preferential claims and make a distribution as soon as possible

The Liquidators anticipate that after discharging the preferential claims in full, there will be sufficient funds for a dividend to unsecured creditors However, the Liquidators are not able to estimate the likely quantum of the dividend available for unsecured creditors until a review of the claim received from Somerset LGPS in the sum of £23m has been concluded The Liquidators are reviewing the basis of this claim

Work has begun to agree the claims of unsecured creditors. If you have not yet submitted your claim, please do so using the statement of claim form accompanying this report.

Exit route from Administration

In accordance with the proposals approved by creditors, the Company moved into creditors' voluntary liquidation on 14 June 2012 There having been no alternate nominations, and therefore Ian Oakley Smith and Karen Dukes were appointed as Joint Liquidators

Creditors' Voluntary Liquidation was chosen as the exit route as it was considered the most appropriate in the circumstances Alternative procedures would necessitate an extension to the Administration and an application to court to enable a distribution to be made to unsecured creditors which would result in higher costs In addition, unlike Administrators, Liquidators have the power to disclaim leases and thus limit landlords' claims in the estate

Discharge

In accordance with a resolution of the Creditors' Committee the former Administrators shall be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as Administrators 14 days from end of the Administration

Next report

The next report to creditors will be circulated by the Joint Liquidators at the earlier of the conclusion of the Liquidation or in approximately 12 months

Ian Oakley Smith
Joint Liquidator and former Joint Administrator of
Learning and Skills Network

Ian Oakley Smith and Karen Dukes were appointed as Joint Liquidators of Learning and Skills Network on 14 June 2012 Ian Oakley Smith and Karen Dukes are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

The joint liquidators are Data Controllers of personal data as defined by the Data Protection Act 1998 PricewaterhouseCoopers LLP will act as Data Processor on their instructions Personal data will be kept secure and processed only for matters relating to the liquidation

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court 9613 of 2011
Full name:	Learning and Skills Network - in Liquidation
Trading name:	LSN, Connections (Oxford), Curriculum, Qualifications and Teaching Directorate, LSDA Northern Ireland / International, National Extension College, NEC, Technology for Learning, Research and Evaluation, Learning Resources International, LRI
Registered number:	05728105
Registered address:	7 More London Riverside, London, SE1 2RT
Company directors:	Christopher Blyth, Kathleen Griffin, Christopher John Hughes, Ardi Kolah (resigned 24/04/12), Ann Geraldine Limb, Carla Rosaline Stent, William Hugh Stokoe and Christine Whatford
Company secretary:	Helen Meredith
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	3 November 2011
Former Administrators' names and addresses:	David Hurst, Ian Oakley Smith and Karen Dukes of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
Changes in office holder:	Not applicable
Appointor's / applicant's name and address:	The Directors, 7 More London Riverside, London, SE1 2RT
Objective being pursued by the Administrators:	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)
Division of the former Administrators' responsibilities:	The Joint Administrators acted jointly and severally so that all functions could be exercised by any or all of the Joint Administrators
Extensions to the period of the Administration:	Not applicable
End of the Administration:	CVL
Estimated dividend for unsecured creditors:	Uncertain at this time
Estimated values of the prescribed part and the company's net property:	Not applicable
Whether and why the Administrators intended to apply to court under Section 176A(5) IA86:	Not applicable
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Summary of the Joint Administrators' proposals

The following is an extract from the Administrators' Proposals dated 21 December 2011

The Administrators make the following proposals for achieving the purpose of the Administration

i) The Administrators will continue to manage and finance the Company's business, affairs and property from trading revenues and asset realisations in such manner as they consider expedient with a view 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)

ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals

iii) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration (where the Administrators think there will be sufficient funds for a distribution to unsecured creditors other than by virtue of the prescribed part)

iv) A creditors' committee will be established if sufficient creditors are willing to act on it The Administrators propose to seek the election of a creditors' committee and to consult with it from time to time Where the Administrators consider it appropriate, they will seek sanction from the committee to a proposed action rather than convening a meeting of all creditors

v) The Administrators will consult with the creditors' committee concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous The Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension

vi) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances -

(a) *The Administrators will place the Company into creditors' voluntary liquidation In these circumstances, it is proposed that Ian Oakley Smith and Karen Dukes be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them In accordance with Paragraph 83(7) Sch B1 IA86 and Rule 2 117A(2)(b) IR86, creditors may nominate alternative liquidators, provided that the nomination is made before the proposals are approved*

(b) *If it transpires that there are insufficient funds with which to make a distribution to unsecured non-preferential creditors, once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under*

3. Summary of the Joint Administrators' proposals

Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later or, if further investigations are deemed necessary the Administrators will apply to court under Paragraph 79 Sch B1 for the Administration to be ended and for the Company to be placed into compulsory liquidation

vii) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of theirs as Administrators at a time resolved by the creditors' committee, or, if there is no creditors' committee, 14 days after they cease to be joint administrators of the Company or in any case at a time determined by the court

viii) It is proposed that the unpaid pre-administration costs detailed at Appendix A are approved for payment as expenses of the Administration If the meeting of creditors elects a creditors' committee it will be for the creditors' committee to approve payment of the unpaid pre-administration costs as expenses of the Administration

ix) It is proposed that the Administrators' fees be fixed under Rule 2 106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the Administrators' firm's policy It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, it will be for the general body of creditors to determine these instead In any event, the basis of the Administrators' remuneration and Category 2 disbursements are to be fixed no later than 18 months after the date of the Administrators' appointment

Creditors will be asked to vote upon the following matters at the initial meeting of creditors -

- *The approval of the Administrators' proposals for achieving the purpose of the Administration*
- *The formation of a creditors' committee*
- *If a creditors' committee is not formed the timing of the Administrators' discharge from liability pursuant to Paragraph 98(1) Sch B1 IA86*

There have been no major amendments to or deviations from the proposals

4. Final trading account and receipts and payments account for the period 3 May 2012 to 14 June 2012

Trading Account

	Notes	Receipts & payments 03 11 11 to 02.05 12	Movements in period	Total receipts & payments to 14 06 12
		£	£	£
Trading realisations				
Trading sales		25 022	2 500	27 522
Rent		743 00	-	743
LRI apportionments		-	40 702	40 702
VAT due to be paid over to HMRC		-	500	500
		25,765	43,702	69,467
Less trading costs				
Employee wages and salaries		424,255	-	424,255
PAYE and NIC		200,635	-	200,635
Employee pension deductions		40,272	-	40 272
Employer's pension contributions		35,570	-	35 570
Employee related costs		28,945	-	28 945
Employee expenses		18,682	-	18 682
Laundry and cleaning		766	-	766
ILM contract costs		924	-	924
NI European project		186	-	186
Telephone and fax		8,444	-	8 444
IT costs		42 935	858	43 793
Postage stationery and printing		1 469	-	1 469
General expenses		79	-	79
Bank charges		2,761	-	2 761
Purchases		5,880	-	5 880
Security costs		666	-	666
Subcontractors		7,126	-	7 126
Utilities		3 976	-	3 976
Lease/hire charges		7,360	-	7 360
Duress payments		50,491	-	50 491
Office costs		21 161	-	21 161
Rent & Service Charges		1,214	-	1 214
Storage costs		3 878	-	3 878
VAT due to be reclaimed from HMRC	4	26,920	172	27,092
		934,594	1,030	935,625
Net trading position (c/fwd)		(908,829)	42,672	(866,158)

Receipts and Payments Account

	Notes	Statement of Affairs	Receipts & payments 03 11 11 to 02 05 12	Movements in period	Receipts & payments to 14 06 12
		£	£	£	£
Asset realisations					
Sale of Business		Uncertain	248 506	-	248 506
Development Services deferred consideration	1	434 320	89,317	-	89 317
Book debts collected			211 326	-	211 326
Other debtors		nil	37 034	-	37 034
Office equipment	2	89 420	39 578	-	39 578
Bank balances		3,611,134	3,624,109	-	3,624,109
Third Party Funds		-	160 441	2 070	162 511
Employee Loans		10,000	2,918	-	2 918
Sundry refunds and receipts	3	107 288	20 916	7,765	28 681
VAT due to be paid over to HMRC		-	5,004	-	5 004
Interest		-	3 838	366	4,204
Property		140,000	-	85,000	85,000
		4,392,162	4,442,987	95,201	4,538,188
Less pre-appointment liabilities and other costs of realisations					
Trading account			908 830	-	866 158
Administrators Remuneration			1 469 370	-	1 469 370
Administrators disbursements			-	10,034	10 034
Pre Appointment fees			126 177	-	126 177
Pre Appointment disbursements			132	-	132
Third party funds - settlement			108 626	-	108 626
Legal Fees			84,643	17 322	101,965
Pre Appointment legal fees			7,093	54	7 147
Legal Disbursements			592	-	592
Agents' fees			35 077	1,888	36 965
Committee expenses			298	-	298
Room hire and meeting costs			1 029	-	1 029
Statutory advertising costs			147	-	147
Postage stationery and printing			11 885	119	12 004
Irrecoverable VAT			400	888	1,288
VAT due to be reclaimed from HMRC	4		337,750	4,971	342,721
			3,092,049	35,276	3,084,853
Funds in hand	5		1,350,938	59,925	1,453,635

Notes
1) Book debts in the sum of £218 255 were transferred in the sales of LRI and DS
2) Assets to the value of £57 560 (£30 750 for NEC £16,765 for LRI and £10 045 for DS) were transferred as part of the sales of business
3) Certain contracts are being recovered as part of the apportionments in the sales of NEC LRI and DS
4) Due to the provision of certain VAT exempt supplies VAT will be reclaimed at less than 100% of input VAT and the balance will remain an expense of the Administration The rate at which VAT may be reclaimed is currently being determined
5) Funds held in interest bearing account

5. Statement of expenses incurred from 3 May 2012 to 14 June 2012

Trading Account

Trading costs	Note	Incurred and discharged from 03 11 11 to 14 06 12	Incurred and oustanding from 03 11 11 to 02 05 12	Incurred and outstanding from 03 05 12 to 14 06 12	Total trading costs
		£	£	£	£
Employee wages and salaries		424 255	-	-	424 255
PAYE and NIC		200 635	-	-	200 635
Employee pension deductions		40 272	-	-	40 272
Employer's pension contributions		35 570	-	-	35 570
Employee related costs		28 945	-	-	28 945
Employee expenses		18 682	-	-	18 682
Laundry and cleaning		766	-	-	766
ILM contract costs		924	-	-	924
NI European project		186	-	-	186
Telephone and fax		8 444	-	-	8 444
IT costs		43 793	25 567	6 000	75 360
Postage stationery and printing		1 469	-	-	1 469
General expenses		79	-	-	79
Bank charges		2 761	-	-	2 761
Purchases		5,880	-	-	5 880
Security costs		666	-	-	666
Subcontractors		7 126	-	-	7 126
Utilities		3 976	4 774	-	8 750
Lease/hire charges		7 360	4 867	12 000	24 227
Duress payments		50 491	-	-	50 491
Office costs		21 161	-	-	21 161
Rent & Service Charges		1 214	-	-	1 214
Storage costs		3 878	1 733	-	5 611
VAT due to be reclaimed from HMRC	1	27 092	-	-	27 092
		935,625	36,941	18,000	990,566

Receipts and Payments Account

Other costs of realisations	Note	Incurred and discharged from 03 11 11 to 14 06 12	Incurred and oustanding from 03 11 11 to 02 05 12	Incurred and outstanding from 03 05 12 to 14 06 12	Total other costs
		£	£	£	£
Administrators remuneration		1 469 370	270 574	84 761	1 824 705
Administrators' disbursements		10 034	-	-	10 034
Pre Appointment fees		126 177	-	-	126 177
Pre Appointment disbursements		132	-	-	132
Legal Fees		101 965	1 136	6,516	109 617
Pre Appointment legal fees		7 147	-	-	7 147
Legal Disbursements		592	-	-	592
Agents fees		36 965	-	129	37 094
Insurance		-	5 700	-	5,700
Committee expenses		298	-	-	298
Room hire and meeting costs		1 029	-	-	1 029
Statutory advertising costs		147	-	-	147
Postage stationery and printing		12 004	-	588	12 592
Security		-	-	188	188
Irrecoverable VAT		1 288	-	-	1 288
VAT due to be reclaimed from HMRC	1	342 721	-	-	342 721
		2,109,869	277,410	92,182	2,479,461

Note

1) Due to the provision of certain VAT exempt supplies VAT will be reclaimed at less than 100% of input VAT and the balance will remain an expense of the Administration The rate at which VAT may be reclaimed is currently being determined

6. Analysis of the Administrators' remuneration and disbursements for the period

Administrators' charging policy

The time charged to the Administration is by reference to the time properly given by the Administrators and their staff in attending to matters arising It is the Administrators' policy to delegate tasks in the Administration to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed Matters of particular complexity or significance requiring more exceptional responsibility are undertaken by senior staff or the Administrators themselves

Hourly rates

Set out below are the relevant maximum charge-out rates per hour worked for the grades of the Administrators' staff actually or likely to be involved on this assignment Time is charged by reference to actual work carried out on the assignment in units, each unit being no more than six minutes There has been no allocation of any general costs or overhead costs In common with all professional firms, the scale rates used by the Administrators may periodically rise (for example to cover annual inflationary cost increases) over the period of the Administration Any material amendments to these rates will be provided in the next statutory report

Grade	Rate per hour (London) £	Rate per hour (Regional) £
Partner	750	520
Director	641	436
Senior Manager	494	383
Manager	415	299
Senior Associate	347	226
Associate	221	142

Disbursements for services provided by the Administrators' own firm (Category 2 disbursements)

The Administrators' firm's expenses policy allows for all properly incurred expenses to be recharged to the case Disbursements are charged to the assignment as follows -

Photocopying	At 4 pence per sheet copied, only charged for *circulars to creditors and other bulk copying*
Mileage	At a maximum of 67 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc)

The Administrators' staff incurred the following disbursements (excluding VAT) during the period·
Category 2 Printing £2 34 Category 1 Travel £64.00 Miscellaneous £5 25

Summary of legal and other professional firms instructed in the period 3 May 2012 to 14 June 2012

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice	Pinsent Masons LLP/ Lawrence Graham LLP	Specialist knowledge	Time costs

6. Analysis of the Administrators' remuneration and disbursements for the period

Narrative of work carried out for the period 3 May 2012 to 14 June 2012

Accounting & Treasury

- Liaising with various pre-appointment banks and chasing for periodic transfer of funds from pre-appointment bank accounts
- Arranging for closure of pre-appointment bank accounts
- Settlement of post-appointment invoices
- Preparing and reviewing receipts and payments accounts
- Reviewing time costs and work in progress for inclusion in former Administrators' first progress report
- Completing periodic reconciliations of Administration bank accounts

Statutory and other Compliance

- Preparation and review of former Administrators' first progress report and statutory documents
- Liaising with printing company regarding circulating letter to creditors to access progress report online
- Publishing progress report on PwC's website
- Responding to requests from creditors for paper copies of progress report
- Complying with internal checks and procedures
- Preparation and review of statutory documents to move Company into Liquidation
- Preparation of former Administrators' final progress report for publication following move into Liquidation
- Maintaining case databases and setting up Liquidation database

Creditors' Committee

- Resolution in respect of discharge from liability for the former Administrators

Strategy, Planning and Team Management

- Meetings to update on progress
- Reviewing correspondence received from postal redirection set up at offices and allocating tasks accordingly
- Complying with internal filing practices

Investigations

- Completion of the Administrators' obligations under the Company Directors' Disqualification Act 1986 including confidential submission to DBIS

6. Analysis of the Administrators' remuneration and disbursements for the period

Sale of Business

- Managing post-sale matters, including monitoring deferred consideration, apportionments and debtor balances
- Dealing with completion of sale of property in Cambridge, including transfer of funds
- Continuing to explore the potential for further sales such as brand names, intellectual property and the associate database
- Liaising with auctioneers regarding post-sale matters in relation to the office furniture and equipment
- Liaising with landlords and purchasers to arrange transfers of leases regarding LRI, NEC and Development Services

Trading Supervision

- Liaising with landlords to arrange surrender of leases for vacated offices
- Dealing with utility companies in relation to occupancy periods for vacated sites
- Liaising with owners of hire purchase assets regarding the return of assets
- Liaising with suppliers regarding apportioned invoices for businesses sold and offices vacated

Tax / VAT

- Liaising with Company staff regarding Tax and VAT information and requirements
- Preparing, reviewing and submitting VAT return
- Discussions with Tax specialists regarding clearance for moving to Liquidation
- Preparation of pre-administration VAT claim

Employees / Pensions

- Liaising with solicitors regarding pension scheme positions
- Liaising with Teachers' Pension Scheme regarding position and potential claim
- Responding to queries from employees regarding their pension contributions and former staff regarding claims and Compromise Agreements
- Managing employee Employment Tribunal claim
- Reviewing preferential claim positions and pre-appointment holiday pay
- Liaising with Department for Work and Pensions regarding submission of RP15 claim
- Liaising with Somerset LGPS in relation to queries on payments made by the Company

Creditors (Including ROT creditors)

- Contact with creditors regarding progress report and queries regarding timing of any potential dividend
- Reviewing completed forms submitted by creditors, recording claim amounts
- Unsecured claims adjudication

6. Analysis of the Administrators' remuneration and disbursements for the period

Time cost summary for the period 3 May 2012 to 14 June 2012

Classification of work function	Hours					Total Hours	Total Cost (£)	Average rate (£/h)
	Partner / Director	Senior Manager	Manager	Senior Associate	Associate			
Accounting & Treasury	0 20	0 20	0 90	7 90	21 60	30 80	7,552 30	245
Statutory & other Compliance	2 80	4 40		36 90	38 00	82 10	25,107 50	306
Strategy, Planning & Team Management	1 20			5 30	4 20	10 70	3,486 50	326
Creditors' Committee	0 20				0 60	0 80	260 80	326
Investigations	1 00	1 60		2 80	1 80	7 20	2,800 80	389
Sale of Business		1 20		26 20	0 60	28 00	9,816 80	351
Trading Supervision	0 30	1 30		10 50	9 60	21 70	6,599 60	304
Tax / VAT		4 50	17 80	11 90	2 00	36 20	13,012 30	359
Employees / Pensions	10 10	0 50	0 70	11 30	4 20	26 80	10,921 70	408
Creditors	0 10	0 85	0 80	3 90	23 00	28 65	5,202 50	182
Total	**15.90**	**14.55**	**20.20**	**116.70**	**105.60**	**272.95**	**84,760.80**	**311**

The Administrators have drawn remuneration of £1,469,370 plus VAT for the period 3 November 2011 to 17 February 2012 which relates to 4,319 hours at an average rate of £340 per hour This remuneration was drawn in accordance with resolutions provided by the Creditors' Committee as detailed in Section 6 of this report

Cumulative time costs from 3 November 2011 to 14 June 2012 and an analysis of time removed and discounted

	Total time costs	Time costs removed	Time costs as per SIP 9 table	Discount	Total fees drawn
3 November 2011 to 17 February 2012	1,611,465 72	82,095 72	1,529,370 00	60,000 00	1,469,370 00
18 February 2012 to 2 May 2012	303,316 80	32,742 68	270,574 12	Fee approval not yet sought from Creditors' Committee	
3 May 2012 to 14 June 2012	90,708 00	5,947 20	84,760 80	Fee approval not yet sought from Creditors' Committee	
Total	**2,005,490.52**	**120,785.60**	**1,884,704.92**	**60,000.00**	**1,469,370.00**

7. Resolutions passed

The following resolutions were passed by the Committee in accordance with correspondence issued on 13 January 2012

THAT the Administrators' remuneration be fixed by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature

THAT, in accordance with Statement of Insolvency Practice No 9, the Joint Administrators be authorised to draw "Category 2" disbursements (i) for mileage at a rate up to 67p per mile for 2,000 cc engines or up to 80p per mile for engines over 2,000cc and (ii) for photocopying regarding circulars and exceptional amounts of copying at a rate of 4p per sheet and that reasonable inflationary increases may be applied to the foregoing costs but no more often than once per annum

In addition, the following resolutions have been passed by the Creditors Committee, and pre appointment costs, expenses and remuneration have been drawn to date as follows

Resolutions in accordance with correspondence issued on 13 January 2012	**Date drawn**	**Amount (£net)**
70% of the unpaid pre-administration costs of PwC LLP of £126,177 15 listed at Appendix A of the Administrators' proposals dated 21 December 2011 are approved	31/1/2012	88,324 00
"Category 2" disbursements incurred prior to the company being placed into administration and detailed in the proposals of £132 38 (plus VAT) (i) for mileage at a rate up to 67p per mile for 2,000 cc engines or up to 80p per mile for engines over 2,000cc and (ii) for photocopying regarding circulars and exceptional amounts of copying at a rate of 4p per sheet may be drawn	31/1/2012	132 38
Unpaid pre-administration legal costs of £7,093 33 plus VAT due to Lawrence Graham LLP, detailed at Appendix A of the Administrators' proposals dated 21 December 2011 are approved	09/2/2012	7,093 33
70% of the Administrators' remuneration based upon time costs incurred up to 30 December 2011 of £1,197,291 25 plus VAT as detailed to the Committee, is approved	31/1/2012	838,103 88
Resolutions in accordance with correspondence issued on 6 March 2012		
Administrators' remuneration of £272,078 75 plus VAT based upon time costs incurred in the period 31 December 2011 to 17 February 2012 of £332,078 75 and as detailed to the Committee on 5 March 2012 is approved	27/4/2012	272,078 75
£37,853 15 plus VAT being the balance of the unpaid pre-administration costs of PwC LLP of £126,177 15 listed at Appendix A of the Administrators' proposals dated 21 December 2011 and detailed in the information provided to the Committee on 11 January 2012 is approved	27/4/2012	37,853 15
£359,187 37 plus VAT being the balance of the Administrators' remuneration based upon time costs incurred up to 30 December 2011 of £1,197,291 25 and as detailed to the Committee on 11 January 2012 is approved	27/4/2012	359,187 37

8. Pre appointment costs

Analysis of the pre-appointment costs incurred and fees drawn

The Directors of the Company provided PwC with a Letter of Engagement dated 7 October 2011 The following relates to costs incurred prior to the appointment of Administrators but with a view to the Company entering administration Prior to the Administration, work undertaken consisted of assisting the Directors in identifying potential buyers for the business, meetings with the board of Directors, negotiations with prospective purchasers, a review of the Company position and prospects for the sale of the Company to enable the proposed Administrators to confirm they were of the opinion that the purpose of the Administration was reasonably likely to be achieved, planning the Administration strategy, including drafting the communications plan to all stakeholders, assistance with the formalities of placing the Company into Administration

The objective of this Administration is to achieve 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) The Administrators determined that this purpose would be achieved via a sale of the business and assets of the Company which would mitigate claims against the Company The work conducted pre-appointment was carried out with a view to achieving the purpose of the administration The costs below have been paid in accordance with approval from the Creditors Committee as detailed in section 6 of this report

Classification of work function	Hours					Total Hours	Total Cost (£)	Average rate (£/h)
	Partner / Director	Senior Manager	Manager	Senior Associate	Associate			
Accounting & Treasury	-	-	-	-	0 70	0 70	155 00	221 43
Statutory & other Compliance	-	0 80	-	12 70	2 50	16 00	5,355 00	334 69
Strategy, Planning & Team Management	26 80	60 40	7 10	11 40	21 70	127 40	58,150 00	456 44
Sale of Business	-	112 90	92 50	-	-	205 40	84,223 00	410 04
Tax / VAT	-	-	0 20	-	-	0 20	83 00	415 00
Employees / Pensions	1 50	-	-	7 00	-	8 50	2,544 00	299 29
Meetings and Correspondence with Client	11 30	27 30	14 50	-	-	53 10	26,747 00	503 71
Total	**39.60**	**201.40**	**114.30**	**31.10**	**24.90**	**411.30**	**177,257.00**	**430.97**

	Amount (£)	Payment made by
Fees charged by PwC	177,257 00	Paid by the Company (£51,079 85) Paid as expense of the Administration (£126,177 15)
Expenses incurred by PwC	132 38	Paid as an expense of the Administration
Pre appointment legal fees	7,093 33	Paid as an expense of the Administration
Expenses incurred by solicitors	35 00	Paid as an expense of the Administration
Total	**184,517.71**	

9. Statement of creditors' rights

A copy of the guidance available to creditors regarding administrators' fees can be found at the following link

http://www.pwc.co.uk/business-recovery/administrations/learning-and-skills-network.jhtml

The IR86 provide for creditors to request further information and challenge the Administrators' remuneration and expenses The relevant provisions are as follows -

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2 47—
  - (i) a secured creditor, or
  - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
  - (i) the time or cost of preparation of the information would be excessive, or
  - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
  - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,

  giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just "

9. Statement of creditors' rights

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

(a) the remuneration charged by the administrator,
(b) the basis fixed for the administrator's remuneration under Rule 2 106, or
(c) expenses incurred by the administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business]days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,
(b) an order fixing the basis of remuneration at a reduced rate or amount,
(c) an order changing the basis of remuneration,
(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration