

AM10

Notice of administrator's progress report



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1	Company details	
Company number	F E 0 0 0 0 0 2	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Hadlow College	
2	Administrator's name	
Full forename(s)	William Matthew Humphries	
Surname	Tait	
3	Administrator's address	
Building name/number	55 Baker Street	
Street		
Post town	London	
County/Region		
Postcode	W 1 U 7 E U	
Country		
4	Administrator's name ①	
Full forename(s)	Francis Graham	
Surname	Newton	
	① Other administrator Use this section to tell us about another administrator.	
5	Administrator's address ②	
Building name/number	Central Square	
Street	29 Wellington Street	
Post town	Leeds	
County/Region		
Postcode	L S 1 4 D L	
Country		
	② Other administrator Use this section to tell us about another administrator.	

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	2	d	2	m	1	m	1	y	2	y	0	y	1	y	9
To date	d	2	d	1	m	0	m	5	y	2	y	0	y	2	y	0

7 Progress report

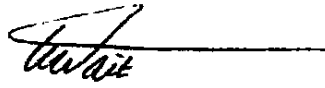
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	d	2	d	4	m	0	m	6	y	2	y	0	y	2	y	0
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name **William Matthew Humphries Tait**

Company name **BDO LLP**

Address **55 Baker Street**

Post town **London**

County/Region

Postcode **W 1 U 7 E U**

Country

DX

Telephone **01512 374 500**



Checklist

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Please make sure you have remembered the following:

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



Important information

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



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



Further information

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ^①
Use extra copies to tell us of additional insolvency practitioners.

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

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Danny Nicolaas William
Surname	Dartnaill

3 Insolvency practitioner's address

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

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

Statement of Affairs £	From 22/11/2019 To 21/05/2020 £	From 22/05/2019 To 21/05/2020 £
POST APPOINTMENT SALES		
ESFA Trading Receipts	2,876,763.33	8,022,083.27
Non-ESFA Education Income	377,174.69	2,268,645.42
Higher Education Income	1,281,284.56	1,345,296.06
Other Income	479,712.07	579,774.16
Finance PDQ Income	274,247.87	693,463.63
COVID-19 Grant Funds	25,000.00	25,000.00
Broadview and Sapling Sales	245,758.10	595,966.50
ESFA - Funding Grant account	8,790,000.00	8,790,000.00
Schools Income	185,532.49	189,104.48
GLA Funding	109,794.95	222,284.56
Advanced Learner Loan Funding	79,156.75	183,860.04
KCC re Princess Christian Farm	55,770.00	168,806.00
High Needs Income	231,986.36	301,986.69
	<u>15,012,181.17</u>	<u>23,386,270.81</u>
COST OF SALES		
Payroll Costs	2,844,892.03	6,743,248.02
Employee Pensions	861,763.33	1,910,494.66
Staff Related Costs	30,150.83	71,653.52
Farms & Equine	184,037.63	375,886.89
COS - Plants (Broadview)	53,486.18	133,251.29
COS - Non-Plants (Broadview)	13,808.27	25,480.76
COS - Farm Shop	183,008.01	268,201.92
Equipment	290.00	18,705.12
IT	119,769.01	152,376.15
Transport and Travel	38,000.03	64,499.19
Leases/HP Agreements	90,952.43	325,633.45
Sapling Expenses	3,781.71	6,997.99
PAYE & NI	876,631.25	2,111,893.71
	<u>(5,300,570.71)</u>	<u>(12,208,322.67)</u>
TRADING EXPENSES		
Repairs and Maintenance	163,054.51	251,947.92
Light & Heat	295,333.53	402,984.55
Water	32,491.48	72,103.32
Rent and Rates	218,376.50	367,661.87
Cleaning	85,983.86	144,147.91
Other Expenses	424,269.70	872,676.61
Education Related Costs	389,447.91	776,085.97
Printing and Stationery	19,327.00	45,371.12
Phones	5,704.15	35,660.33
Postage	6,627.18	17,333.20
Marketing	8,730.45	45,132.46
Catering Costs	163,063.16	250,620.80
Consultant fees	161,738.24	343,019.09
Continuity Creditors	12,621.50	129,172.31
Bank Charges & Interest	9,557.30	9,632.30
Student Bursaries	51,701.46	110,290.73
Refunds due to Covid-19	62,714.85	62,714.85
Third Party Payroll Costs	4,037.25	10,778.47
	<u>(2,114,780.03)</u>	<u>(3,947,333.81)</u>
TRADING SURPLUS/(DEFICIT)	<u>7,596,830.43</u>	<u>7,230,614.33</u>

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

Statement of Affairs £		From 22/11/2019 To 21/05/2020 £	From 22/05/2019 To 21/05/2020 £
5,575,000.00	FIXED CHARGE ASSETS		
	Hadlow Main Campus East	NIL	NIL
		NIL	NIL
(5,663,000.00)	FIXED CHARGE CREDITORS		
	Barclays Bank PLC	4,500,000.00	4,500,000.00
		(4,500,000.00)	(4,500,000.00)
728,000.00	HP ASSETS		
(917,000.00)	Building, Equipment, Vehicles	NIL	NIL
	HP/Leasing Company (1)	NIL	NIL
		NIL	NIL
12,296,000.00	ASSET REALISATIONS		
	Assets under Construction	NIL	NIL
	Betteshanger Country Park Limited	621,981.00	621,981.00
1,077,000.00	Cash at Bank	NIL	1,096,830.63
1,319,000.00	Debtors	NIL	NIL
	Insurance Refund	543.25	5,342.25
	Interest Gross	1,122.75	2,751.37
12,660,000.00	Land & Buildings	NIL	NIL
561,000.00	Plant & Equipment	NIL	NIL
651,000.00	Stock	NIL	NIL
	Trading Surplus/(Deficit)	7,596,830.43	7,230,614.33
		8,220,477.43	8,957,519.58
	COST OF REALISATIONS		
	Administrators' Fees	1,453,899.00	1,453,899.00
	Betteshanger Country Park Ltd	20,729.04	72,729.04
	Betteshanger Sustainable Park Ltd	32,240.91	65,240.91
	EA Consulting Costs	25,516.40	25,516.40
	EA Estates Maintenance	187,087.72	187,087.72
	Forensics Disbursements	124.30	124.30
	Forensics Fees	45,000.00	45,000.00
	Insurance	227,123.32	241,764.62
	Legal Disbs	2,011.62	9,821.22
	Legal Fees	407,674.06	467,020.72
	PR Costs	5,393.75	7,073.75
	Pre-appointment Professional fees	NIL	11,210.40
	Property Agents' Disbs	NIL	1,197.38
	Property Agents' Fees	36,548.71	75,548.71
	Specialist Property Agents' Fees	25,897.20	88,659.60
	Stationery & Postage	3,692.20	3,692.20
	Statutory Advertising	NIL	97.20
		(2,472,938.23)	(2,755,683.17)
(474,000.00)	PREFERENTIAL CREDITORS		
	Arrears & Pay	NIL	NIL
		NIL	NIL
(1,067,000.00)	UNSECURED CREDITORS		
(178,000.00)	Accruals	NIL	NIL
(142,000.00)	Arrears of contributions	NIL	NIL
(124,000.00)	Deferred Income	NIL	NIL
(124,000.00)	Deposits	NIL	NIL
(13,757,000.00)	Funding Bodies	NIL	NIL
(101,000.00)	Hadlow PIF Ltd	NIL	NIL
(24,000.00)	Kent Mining Heritage Fund	NIL	NIL

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

Statement of Affairs £		From 22/11/2019 To 21/05/2020 £	From 22/05/2019 To 21/05/2020 £
(9,094,000.00)	LGPS defined benefit scheme deficit	NIL	NIL
(576,000.00)	Salix	NIL	NIL
(1,067,000.00)	Trade & Expense Creditors	NIL	NIL
(336,000.00)	University of Greenwich	NIL	NIL
(454,000.00)	Unsecured N.I.C.	NIL	NIL
(1,597,000.00)	Unsecured V.A.T.	NIL	NIL
(258,000.00)	Weleyan Bank	NIL	NIL
(3,867,000.00)	West Kent & Ashford College	NIL	NIL
		NIL	NIL
(4,829,000.00)		1,247,539.20	1,701,836.41
	REPRESENTED BY		
	EA Current Account		1,058,231.62
	Input VAT		513,733.48
	Output VAT		(42,322.41)
	Pre-Appointment Bank Account		51,747.12
	Trade Debtors		1,779.38
	Vat Control Account		118,667.22
			1,701,836.41

Since our previous report, we have changed the recording of receipts and payments from being presented gross of VAT to now being presented net of VAT in the individual accounts.



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Temple Street
Liverpool
L2 5RH

TO ALL CREDITORS

23 June 2020

Our Ref 00294470/WMT/DF/C3

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

Dear Madams/Sirs

The Corporation of Hadlow College - In Education Administration ("the College")

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

In accordance with Rule 3.13 of The Education Administration Rules 2018 ("TEAR 2018"), we provide below our report on the progress made in implementing the Joint Education Administrators' Statement of Proposals ("the Proposals") and achieving the Statutory Objective of the Education Administration for the period from 22 November 2019 to 21 May 2020 ("the Reporting Period").

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

1 Statutory Information

The College is a body corporate established on 28 September 1992 under section 15 of the Further and Higher Education Act 1992 with its UKPRN being 10002843. Its primary educational site is at Tonbridge Road, Hadlow, Kent TN11 0AL ("the Hadlow Campus"). As at the date of our appointment provision was also delivered at campuses in Mottingham, Canterbury, Greenwich, Princess Christian Farm and Blackmans Dairy Farm. During the Education Administration the provision and campuses at Mottingham and Canterbury have been transferred to other further education ("FE") colleges as part of the implementation of the Further Education Commissioner's ("the FEC") recommendations. The lease for the Greenwich Horticulture site, which was no longer being used for direct provision, has also been surrendered to the landlord, the Royal Borough of Greenwich.

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

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

The JEAs full details are William Matthew Humphries Tait (officeholder number: 9564) of BDO LLP, 55 Baker Street, London, W1U 7EU, Francis Graham Newton (officeholder number: 9310) of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and

The Joint Education Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Education Administration of The Corporation of Hadlow College. Please see the privacy statement at <https://www.bdo.co.uk/en-gb/legal-privacy/privacy-notice>

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Danny Nicolaas William Dartnaill (officeholder: 10110) of BDO LLP, Level 12, Thames Tower, Reading, Berkshire, RG1 1LX.

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

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

2 Joint Education Administrators' receipts & payments account

We attach at Appendix 1 a summary of our receipts and payments account with commentary on the Reporting Period. Receipts total £25.1m and payments total £23.4m. This includes £15.6m received and £14.4m paid in the Reporting Period.

Although the receipts and payments are largely self-explanatory, a summary of the main operational receipts and payments is also provided at Appendix 1.

Commentary on asset realisations and costs of realisations are detailed in sections 4 and 9.

3 Progress and trading during the Education Administration

Summary

The JEAs primary duty is to meet the Statutory Objective, as follows:

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

The Statutory Objective can be achieved by way of a number of statutory, hierarchical 'means'. As previously stated, the JEA's high-level strategy has been to operate the College whilst negotiating and completing the implementation of the FEC's recommendations.

In the context of the now completed Proposed Merger Transactions with Capel Manor College ("CMC") and EKC Group ("EKCG"), the transfer of the College's undertaking and provision at the Nottingham and Canterbury campuses, as recommended by the FEC, partially satisfies the Statutory Objective. The completion of the Proposed Merger Transaction with North Kent College ("NKC") will likely be the means by which the Statutory Objective is fully satisfied.

The JEAs Proposals are included at Appendix 2 for your ease of reference.

The JEAs continue to carry out their duties with the purpose of implementing the Proposals and achieving the Statutory Objective of the Education Administration. There has been no deviation from the Proposals.

Steps taken towards achieving the Statutory Objective

The JEAs have made significant progress, including the following:

- Completion of the merger of the College's Nottingham campus with CMC on 1 January 2020 ("the Nottingham Transaction").
- Completion of the merger of the College's Canterbury campus with EKCG on 1 April 2020 ("the Canterbury Transaction").
- Substantial progression of the due diligence and transition planning arrangements in respect of the Proposed Merger Transaction with NKC. This merger has a target completion date of 1 August 2020.
- Completion of the sale of land comprising Betteshanger Country Park and the College's shareholding in Betteshanger Country Park Limited ("BCPL") on 2 December 2019.
- Assisting the Joint Administrators of Betteshanger Sustainable Park Limited ("BSPL") in concluding the sale of the business and assets of BSPL on 2 December 2019.
- Maintaining the delivery and standard of the education provision to all students with minimum disruption despite the challenges created by Covid-19.

Further commentary on the asset sales detailed above is provided in section 4.

In order for the JEAs to objectively consider critical elements of the Proposed Merger Transactions, detailed analysis and verification work has been undertaken including the condition and utilisation of the College estate, health and safety compliance and IT stability and security.

Focussed due diligence of the merger parties' financial proposals has been undertaken by the JEAs to test the reasonableness of the financial plans for each campus in securing ongoing provision to existing and recruited students.

The Nottingham Transaction and the Canterbury Transaction were complex and, in the context of new legislation, without precedent. The JEAs therefore required and received significant legal and other professional support in each transaction to address such diverse matters as, for example: the transfer and/or gift of animals, the sectionalisation and transfer of the Local Government Pension Scheme ("LGPS"), consents to the transfer from government departments other than the Department for Education ("DfE"), the agreement of overage contracts and the treatment and transfer of personal data in compliance with relevant legislation.

Considerable transitional planning was required for each of the completed mergers involving the JEAs team, the Education and Skills Funding Agency ("ESFA"), multiple tiers of management from both the College staff and the merger parties and professional advisors.

The JEAs team ensured that College staff were regularly and appropriately consulted and updated. At the earliest opportunity, both CMC and EKCG met with transferring College

staff to present their respective visions for the merged entities. In accordance with relevant employment law, the JEAs oversaw the completion of the employee consultation process.

The remaining Proposed Merger Transaction with NKC comprises the largest number of staff, students and property assets of the three Proposed Merger Transactions. The merger completion date is targeted for 1 August 2020 and a significant amount of the transition planning has already been completed.

Operation of the College

The JEAs have not sought to directly control every detail of the continued delivery of education at the College. Instead, the JEAs have delegated appropriate management powers and authority to the College's interim principal, interim CFO and, more generally, the Senior Leadership Team ("SLT").

The JEAs have been supported by the Education Administration Working Group ("EAWG") which comprises external members experienced in Further Education. This, in turn, reports into the Education Administration Advisory Group ("EAAG") which is chaired by one of the JEAs with other JEAs in attendance.

The EAWG and EAAG form key components of the JEAs strategy to ensure good governance of the College following the automatic dissolution of the Board of Governors upon the JEAs appointment.

Membership of the EAAG and EAWG includes two experienced Chairs of FE colleges, BDO education specialists and a representative of the JEAs legal team as well as members of the SLT. Each group provides for the detailed examination of the College's operation and its compliance with sector and other standards.

In addition, the interim principal and SLT has met every two weeks with area representatives of the ESFA to ensure appropriate monitoring of operational matters in anticipation of a smooth transition.

Working closely and successfully with the SLT, the JEAs have ensured that the SLT is empowered to make decisions about College operations quickly, effectively and with the focus on the achievement of the Statutory Objective.

Evidence of the low levels of disruption to students is supported by the output of the Ofsted monitoring visits that took place shortly after the JEAs appointment. Ofsted was satisfied that the SLT is ensuring that the quality of education programmes for students remains high.

The impact of Covid-19

The close working relationship between the SLT and the JEAs team has been particularly evident following the outbreak of the Covid-19 global pandemic in the UK. Daily meetings have been convened and attended by the SLT and members of the JEAs team. Initially, the purpose of these meetings was to receive reports on Covid-19 issues affecting the College, to continue to support vulnerable learners on-site through the 'lockdown' period along with children of key workers and to plan potential future actions to be taken by the College.

When the Government announced that colleges would begin to open to wider groups of learners from 1 June 2020 (this date was subsequently changed to 15 June 2020), a second group, meeting daily, comprising members of the SLT, members of the JEAs staff and a staff/union representative was established to oversee the wider opening of the College and West Kent and Ashford College ("WKAC").

At all times, the JEAs and SLT's approach has been to proceed on an informed basis, in line with DfE guidance and the best standards of the sector. For example, the decision was taken to close student accommodation at the Hadlow Campus on 17 March 2020 as the shared use of facilities did not meet the required standard for social distancing or the suppression of virus communication.

Significant SLT and JEA time and resource has been dedicated to the detailed planning and response to the impact of Covid-19. At all times, the SLT's and JEAs focus has been on the maintenance of the highest quality education provision possible in a safe environment both for students and staff. The nature of land based provision as well as the commercial activities taking place on the Hadlow Campus have presented very specific challenges, all of which have been considered, resolved or mitigated through the collective efforts of the College and JEAs' teams.

On 19 March 2020, in accordance with government guidance released the previous day, the decision was taken to temporarily cease education provision on the Hadlow and Canterbury campuses except for vulnerable students and children of 'key workers'. The College campuses were also closed to all but a limited number of key staff and those needing to attend site to maintain the welfare of the College livestock.

The SLT was able to quickly implement remote/virtual learning practices that were adopted by the College staff with great professionalism and dedication, allowing continued delivery of education to all students of the College.

As access to the campuses has been temporarily restricted, College staff have continued to fully support learners with education, health and care ("EHC") plans and the wider student body via a combination of online learning and work-books and, for those unable to access online learning, via hard copy. IT equipment has been provided, through a range of means, for those learners without equipment who requested it directly or via their tutor.

For each EHC learner the College has updated their risk assessment and, now that the College campus has reopened, has encouraged EHC learners to attend where government guidance allows them to do so safely. If they are unable to attend scheduled sessions, the College continues to support those students remotely. Considerable time has been spent liaising with assessment bodies and university partners and in giving particular thought to the end of academic year learner assessments.

As notified to College staff, Covid-19 did impact the original timetable for the Proposed Merger Transaction with NKC, which was initially intended to be co-terminus with the EKCG transaction on 1 April 2020. The nature and scale of the proposed transaction with NKC is such that the detailed diligence process and transactional requirements were not as advanced or resolved and were more impacted by the restrictions of 'lockdown'. Understandably, the SLT's of both NKC and the College had to focus on the impact of Covid-19 as a priority, as each college adapted to remote education delivery systems. As above, the revised transaction date agreed to by all parties is 1 August 2020.

The JEAs completed the sale of the Canterbury campus to EKCG on the planned target date of 1 April 2020.

Employees

The JEAs and the College's interim principal have communicated with the staff regularly throughout the Education Administration. Ensuring that staff are as informed as possible about the strategy and progress being made to achieve the Statutory Objective of the Education Administration is in itself a key part of ensuring the consistency of education provision and minimising disruption to students.

Staff aligned to the Nottingham and Canterbury campuses transferred to CMC and EKCG respectively, as part of the mergers with those colleges. Staff were kept informed of the progress towards completion of these transactions. The purpose of this, and other transitional planning arrangements, was to ensure that the transaction had minimal impact on the delivery of the education provision to the students in the periods before and after the transactions.

The JEAs and the SLT, continue to communicate regularly with the College's staff to provide updates on the process of the final element of the Proposed Merger Transactions and address the concerns/issues with a view to mitigating/avoiding any disruption to the ongoing provision of teaching to the learners.

Hadlow Campus remedial work programme

Working with their estates advisors, the JEAs have identified areas of the estate and buildings where the condition is below sector standards.

The JEAs implemented a remedial work programme in February 2020, engaging Steel Rivers Consultants Ltd ("SRC") as project manager. Good progress has been made with the programme and works are expected to continue until 31 July 2020.

4 Assets

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

Key to achieving the Statutory Objective is the completion of the Proposed Merger Transactions mentioned in my previous report.

In this regard, the Nottingham Transaction and the Canterbury Transaction (together referred to as the "Merger Transactions") were concluded on 1 January 2020 and 1 April 2020 respectively. It should be noted that the Canterbury Transaction was part of a larger transaction which incorporated the Ashford campus, the Cummings House campus (located on Wooten Road in Ashford) and the lease of a workshop at the REME barracks in Ashford, all of which were owned and/or used by WKAC.

The completion of the Merger Transactions, as recommended by the FEC, forms part of the wider strategy to achieve the Statutory Objective of the Education Administration through the transfer of all of the College's educational operations to other FE colleges.

The third strand of the strategy is the Proposed Merger Transaction with NKC will facilitate the transfer of the remaining educational operations, students and staff of the College.

Canterbury and Mottingham Merger Transactions

The Merger Transactions were completed against a historic position of trading deficits and significant financial challenge. Cash consideration paid by the merger parties was notionally £1 together but importantly with the assumption of a number of student, staff and estates related commitments.

The assets included in each transaction were different due to the nature of the operations being merged but there were fundamental similarities in the terms applied to each of the merger parties as follows:

- They are obliged to continue to deliver the educational provision to those existing students who were based at each of the Mottingham and Canterbury campuses until those students had either completed or withdrawn from their studies (the “Learner Protection Objective”).
- They are required to maintain the standard of provision to levels at least comparable with those currently delivered by the College;
- To adopt the employment of staff who spent the majority of their time delivering educational provision at either campus, and who transferred to the respective merger party at the point of transaction pursuant to the Transfer of Undertaking Protection of Employment Regulations 2006 (“TUPE”);
- To have obtained no economic interest in the land/properties transferred. Overage agreements have been put into place such that should any of the properties transferred pursuant to the Merger Transactions be sold, the funds generated will flow back to the College.
- They have agreed to assume the appropriate share of any potential LGPS deficit in relation to staff who transferred under TUPE;
- They have assumed responsibility for the animals located at each of the sites, which included a number of protected species, together with licensing requirements in relation to those animals; and
- They have not acquired book debts, cash held by the College and or any asset which was not required by the merger parties to ensure that the Learner Protection Objective could be achieved.

In relation to the Mottingham campus, an overage agreement in favour of the Secretary of State for Health dating back to the time the property was acquired by the College was already in place. This historic overage captured 75% of any future sales value if sold for non-educational purposes. The new overage in favour of the College captures the remaining 25% of the value.

In order to avoid any disruption to the transferring students at the time of and shortly after the Merger Transactions, transitional services arrangements were agreed between

the College and each of the merger parties. These arrangements included sharing curriculum staff and providing wider mutual administrative support for a short period after the mergers to ensure that there were no gaps in the provision of education as a result of the merger and that all student work and teaching materials were readily available and transferred as intended thus facilitating achievement of the Learner Protection Objective.

The JEAs strategy has not only followed the FEC's recommendation, it has maintained the stability of the College whilst the Merger Transactions have been successfully negotiated and executed. This stability has also been critical during the Covid-19 pandemic, as discussed in section 3, and has enabled the learner provision to be delivered throughout the Education Administration with minimal disruption.

To the extent that land and other property assets are identified as being surplus to the educational delivery requirement of NKC, these may remain available to the College for sale and be realised at market rates. Any funds generated are expected to facilitate either a repayment to the Secretary of State for Education in its capacity as the secured lender (see section 7) and, if sufficient, will facilitate a repayment of the conditional grant funding ("the Grant") received from the Secretary of State for Education, via the ESFA, to facilitate the continuation of educational operations and to fund the JEAs costs.

Betteshanger Sustainable Park Limited and Betteshanger Country Park Limited

BSPL was placed into Administration on 2 December 2019 with Mr Mark Newman and Mr Vincent Green of Crowe UK LLP appointed as Joint Administrators.

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

Monies owed by BSPL to the College will now form the College's non-preferential unsecured claim in the Administration proceedings of c.£1.45m.

A sale of the land at Betteshanger Country Park and the College's shareholding in BCPL was also completed on 2 December 2019 for a cash consideration of £622k.

The respective costs of operating these subsidiaries and legal advice, was £65k for BSPL and £73k for BCPL and is recorded in the receipts and payments account at Appendix 1 under 'costs of realisations'.

The land sales completed by the College and BSPL both include overage provisions that may give rise to future cash consideration being payable by the purchaser. We continue to monitor this position but do not expect the overage provisions to be payable in the immediate short term.

Grove Farm Park Limited ("GFPL")

GFPL is a wholly owned subsidiary of the College and owns land and a property which is used as student accommodation for Higher Education students.

The College had entered into a lease agreement with GFPL for the use of the student accommodation and land until 2024. The JEAs understand that rents payable under the

lease were agreed by the former principal of the College and the directors of GFPL (who at the date of the granting of the lease included the former principal and 'group' finance officer of the College) at a rate sufficient to meet the interest and capital repayment requirements of GFPL's first secured lender who, it is understood, are owed c.£3m.

In addition, additional funds have been advanced by the College to meet the other operating costs and expenses of GFPL.

GFPL was placed into Administration on 28 May 2020, with Mr Trevor O'Sullivan and Mr Philip Stephenson of Grant Thornton UK LLP appointed as the Joint Administrators. At the date of administration, the College has an unsecured claim of c.£666k in the insolvent estate of GFPL.

The College's lease arrangements for the learner accommodation and land continue and are unaffected by GFPL's Administration and lease payments will continue to be made whilst the College remains in beneficial and economic occupation.

The JEAs understand that GFPL's administrators are considering their strategy but, at some future point, the property will be sold and payment made to creditors in the statutory order of priority. The JEAs understand that a second secured charge is registered against the property by its former owner seeking to secure the sum of c.1.3m.

The JEAs have written to GFPL's administrators seeking to understand the validity of this second charge as, should the property ultimately realise sufficient net proceeds to discharge the first secured creditors debt, a distribution to the College may be possible.

Division of unsold assets

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

5 Outstanding matters in the Education Administration

Proposed Merger Transactions

The JEAs have now completed two of the Proposed Merger Transactions in line with the FEC recommendations. The final element of the recommendations yet to be completed is as stated below:

- "North Kent College should acquire the College's provision/facilities at Hadlow, Princess Christian Farm and Greenwich (Equestrian Centre) and West Kent and Ashford's Tonbridge provision/facilities."

Whilst the JEAs are not bound to follow that recommendation, for the reasons set out in the Proposals and in this report, the JEAs have completed their due diligence and are pursuing the final element of the Proposed Merger Transactions recommended by the FEC as, on current information, this best fulfils the Statutory Objective.

The target completion date for the merger with NKC is 1 August 2020. It remains for the transitional planning arrangements with NKC to be finalised and for the heads of terms and contracts to be negotiated and agreed between the parties.

As the sale contracts for the Mottingham Transaction and the Canterbury Transaction included overage provisions, the JEAs will continue to monitor this whilst they remain in office.

Land and property not required for future educational provision

There remain a small number of parcels of land which are not considered to be necessary for future education provision at the Hadlow Campus. The current expectation is that these will be excluded from the proposed transaction with NKC and then subsequently sold by the College acting by the JEAs or other future office holder. In this regard any such property will be realised using standard open market processes. Consideration will also be given to whether there are other options available to maximise realisations from this surplus property.

Assets not sold as part of the Merger Transactions ("Excluded Assets")

The JEAs will continue to collect in those assets that have been excluded from the Merger Transactions. This includes book debts, debts owed by the students and the benefit of any actions or potential claims available to the JEAs.

The JEAs will undertake further investigations into the College's affairs to establish whether there are any potential claims for the JEAs, or a subsequently appointed liquidator, to pursue for the benefit of the College's estate.

Should any assets be excluded from the transaction with NKC, the JEAs will also take steps to recover those assets.

The JEAs will continue to monitor the College's position as an unsecured creditor in the Administration of BSPL and the likely outcome to creditors of those Administration proceedings. We will also monitor the dividend prospects for the College's claims in BSPL and GFPL.

Exit process

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

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

6 Investigations

Company Directors Disqualification Act 1986

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

Further investigations and cooperation with the Insolvency Service

As previously reported, the JEAs engaged BDO LLP's Forensic Services team to carry out focussed work in relation to the historic bank statements of the College.

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

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

Request to creditors

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

7 Potential outcome for creditors

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

Secured creditors

At the date of the JEAs appointment, Barclays Bank plc ("the Bank") held a fixed charge over specific parts of the Hadlow Campus.

To facilitate the Canterbury Transaction, the redemption of the Bank's fixed charge security was required.

The JEAs requested funding from the ESFA for this purpose at the market value of the secured assets.

The JEAs received £4.5m from the ESFA and made payment of that sum to the Bank shortly prior to the date of the Canterbury Transaction, thereby securing the release of the Bank's security.

As consideration for this funding, the JEAs granted security over certain College assets in favour of the ESFA. The Secretary of State for Education now holds fixed charges over all the remaining land and property currently owned by the College.

Preferential unsecured creditors

There are no preferential creditors in the Education Administration.

Prescribed Part ("the PP")

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

Non-preferential unsecured creditors

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

To date, we have received 169 claims, totalling c£14.0m, from unsecured creditors. These claims have yet to be reviewed and adjudicated upon for dividend purposes. In due course, the JEAs expect to receive significant claims representing much of the difference between the claims received to date and the claims detailed in the Statement of Affairs.

As advised in the Proposals, the distribution prospects for unsecured creditors are uncertain albeit, based on information currently available, it appears unlikely that an unsecured dividend will be declared due to the following factors:

1. The majority of the unsold property assets of the College are designated to be for educational purposes and, as such, have a complex relationship with the Statutory Objective of Education Administration and market value.
2. The majority of the College's remaining asset portfolio is likely to be necessary for the future educational provision delivered by the College to its learners and is therefore likely to be included in the anticipated Proposed Merger Transaction with NKC.
3. Realisations from the sale of any real estate assets will be payable to the secured creditor in priority to unsecured creditors. The value of the estate currently expected to be excluded from the Proposed Merger Transaction with NKC will not be sufficient to repay the ESFA funding and secured creditor in full.
4. The costs of the Education Administration are payable in priority to the claims of creditors.
5. The costs of the Education Administration may be addressed from the Grant funding which has priority for repayment ahead of any distributions to unsecured creditors.

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

8 Pre appointment accrued costs of the Education Administration

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

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

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

	Costs Incurred (£)	Payments Received (£)	Costs Outstanding (£)
(i)	314,505	314,505	Nil
(ii)	10,292	9,342	950
(iii)	Nil	Nil	Nil
TOTAL	323,847	323,847	Nil

Under the provisions of rule 6.11 of TEAR 2018, the JEAs must make an application to the Court for approval of their pre-appointment costs to be paid from the Education Administration estate. BDO LLP's pre-appointment fees totalling £314,505 were paid directly by the DfE and therefore no application to Court was necessary in respect of these costs.

Where applications to Court are made, creditors are given fourteen days' notice of any such application and may make representations if they wish, which will be reported to the Court as part of the application. An application to Court for retrospective approval of pre-appointment expenses of £9,342 plus VAT, previously paid to third parties, was approved by the Court at a hearing held on 16 April 2020.

A balance of £8,846 that was owed to Brachers LLP ("Brachers"), which was previously incorrectly reported as being a pre-appointment expense, has been paid as a continuity creditor in the Reporting Period.

Our previous report also stated that we had included a provision to pay pre-appointment cost of £3,500 to Reed Smith LLP. This cost has also been released and no funds will be paid to Reed Smith LLP in respect of services given prior to the JEAs appointment.

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

9 Post appointment accrued costs of the Education Administration

The JEAs have engaged professionals to provide a range of services to support the College's ongoing operations, the management of the Education Administration and for assistance with the Proposed Merger Transactions.

A schedule of costs incurred and paid to 21 May 2020 is provided at Appendix 5.

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

Legal Fees and disbursements - Brachers LLP, Womble Bond Dickinson LLP, Brown Rudnick LLP and Cripps Pemberton Greenish

Brachers, the College's pre-appointment solicitors, initially assisted with several ongoing pre-appointment legal matters which needed to be resolved/progressed following the appointment of the JEAs.

Womble Bond Dickinson LLP continue to provide legal support to the JEAs, which is required as summarised below:

- This is the first Education Administration under new legislation;
- The Statutory Objective of an Education Administration has required the continued operation of the College. Due to the size and nature of the College, the JEAs regularly face a large number of matters on which legal opinion and assurance is required;
- For the reasons outlined earlier in this report, substantial legal support and advice has been sought in relation to the transition planning for the Proposed Merger Transactions; and
- Preparation of sale contracts and ancillary legal documents for the Merger Transactions and the sales of Betteshanger Country Park and the College's shareholding in BCPL, as detailed in section 4.

Brown Rudnick LLP provided advice to the JEAs in respect of Grant funding arrangements with the DfE.

Cripps Pemberton Greenish have provided advice on certain documentation required to formalise the operational interdependencies between the College and Hadlow Rural Community School, whose campus is part of the Hadlow Campus.

Forensics Fees - BDO LLP

As mentioned above, the JEAs engaged the forensic services team at BDO LLP to undertake a focussed review of the College's bank statements and certain accounting treatments with regard to the affairs of the College.

EA Consulting costs

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

Insurance and Estates Maintenance - Aon Risk Solutions

Aon was engaged by the JEAs to conduct health and safety reviews across the College campuses. This was necessary to ensure that the College maintained appropriate insurance for ongoing operations.

Aon, through SRC, also provides a range of interconnecting services regarding estates management and ongoing health and safety compliance. This includes the project management of the Hadlow Campus remedial work programme.

The remedial work programme costs are recorded in our receipts and payments account under "EA Estates Maintenance", separate to the College's normal repairs and maintenance expenditure and health and safety costs. This programme has required the services of a number of trade contractors, for which SRC has provided support to the JEAs during the tendering and contract fulfilment processes.

On completion of the Canterbury Transaction, the group estates manager for the College and WKAC automatically transferred under TUPE to EKCG. The health and safety officer had also left in the preceding months. As a result of these vacancies, SRC has also provided day to day management of the College's estate and is the College's competent person for the purposes of health and safety legislation.

Property Agents Fees - Savills UK, Lambert Smith Hampton, EB7 and RL Surveys Limited

Savills UK was engaged to value the College's property assets in order to provide an independent view on their potential value and the bases for that value.

Lambert Smith Hampton has provided consultancy services in relation to property condition issues and has assisted with remedial work strategies.

EB7 has undertaken Energy Performance Certification across all of the College's buildings, as required in order to complete the Proposed Merger Transactions.

RL Surveys Limited is providing building survey drawings to assist with future options regarding learner accommodation at the Hadlow Campus.

Specialist Property Agents - Peter Marsh Consulting Limited and Real Estate Advisory Services Limited

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

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

Real Estate Advisory Services Limited was engaged prior to the JEAs appointment to advise on the potential sale strategy for the Betteshanger subsidiaries, BCPL and BSPL, and the corresponding land owned by the College.

Headland PR Consultancy LLP

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

10 Joint Education Administrators' remuneration

We attach at Appendix 3 a schedule that shows the time costs incurred by the JEAs and their staff to 22 May 2020 together with our commentary on the costs incurred. In summary, time costs of £1,642,166 have been incurred, which represents 8,621 hours spent at an average rate of £190 per hour.

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

The JEAs remuneration must be fixed by the Court on receipt of an application made by the JEAs. The JEAs made such an application to Court and, at a hearing held on 16 April 2020, the Court handed down an order approving the JEAs remuneration incurred to 10 April 2020 totalling £1,453,899. The DfE had provided its approval of the time costs in

support of the application. This remuneration has subsequently been drawn during the Reporting Period.

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

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

11 Joint Education Administrators' disbursements

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

12 Other matters

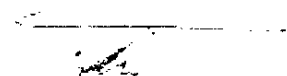
The JEAs are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>.

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

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

If you require any further information, please contact David Forster at BRCMT@bdo.co.uk.

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



Matthew Tait
Joint Education Administrator

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

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

Enclosures:

Appendix 1: Receipts and Payments Account
Appendix 2: Summary of the JEAs formal proposals

Appendix 3: SIP 9 time cost report for 22 May 2019 to 22 May 2020
Appendix 4: BDO LLP Policy in respect of fees and disbursements
Appendix 5: Schedule of the JEAs post appointment accrued costs
Appendix 6: Proof of debt form



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

Statement of Affairs £	From 22/11/2019 To 21/05/2020 £	From 22/05/2019 To 21/05/2020 £
POST APPOINTMENT SALES		
ESFA Trading Receipts	2,876,763.33	8,022,083.27
Non-ESFA Education Income	377,174.69	2,268,645.42
Higher Education Income	1,281,284.56	1,345,296.06
Other Income	479,712.07	579,774.16
Finance PDQ Income	274,247.87	693,463.63
COVID-19 Grant Funds	25,000.00	25,000.00
Broadview and Sapling Sales	245,758.10	595,966.50
ESFA - Funding Grant account	8,790,000.00	8,790,000.00
Schools Income	185,532.49	189,104.48
GLA Funding	109,794.95	222,284.56
Advanced Learner Loan Funding	79,156.75	183,860.04
KCC re Princess Christian Farm	55,770.00	168,806.00
High Needs Income	231,986.36	301,986.69
	15,012,181.17	23,386,270.81
COST OF SALES		
Payroll Costs	2,844,892.03	6,743,248.02
Employee Pensions	861,763.33	1,910,494.66
Staff Related Costs	30,150.83	71,653.52
Farms & Equine	184,037.63	375,886.89
COS - Plants (Broadview)	53,486.18	133,251.29
COS - Non-Plants (Broadview)	13,808.27	25,480.76
COS - Farm Shop	183,008.01	268,201.92
Equipment	290.00	18,705.12
IT	119,769.01	152,376.15
Transport and Travel	38,000.03	64,499.19
Leases/HP Agreements	90,952.43	325,633.45
Sapling Expenses	3,781.71	6,997.99
PAYE & NI	876,631.25	2,111,893.71
	(5,300,570.71)	(12,208,322.67)
TRADING EXPENSES		
Repairs and Maintenance	163,054.51	251,947.92
Light & Heat	295,333.53	402,984.55
Water	32,491.48	72,103.32
Rent and Rates	218,376.50	367,661.87
Cleaning	85,983.86	144,147.91
Other Expenses	424,269.70	872,676.61
Education Related Costs	389,447.91	776,085.97
Printing and Stationery	19,327.00	45,371.12
Phones	5,704.15	35,660.33
Postage	6,627.18	17,333.20
Marketing	8,730.45	45,132.46
Catering Costs	163,063.16	250,620.80
Consultant fees	161,738.24	343,019.09
Continuity Creditors	12,621.50	129,172.31
Bank Charges & Interest	9,557.30	9,632.30
Student Bursaries	51,701.46	110,290.73
Refunds due to Covid-19	62,714.85	62,714.85
Third Party Payroll Costs	4,037.25	10,778.47
	(2,114,780.03)	(3,947,333.81)
TRADING SURPLUS/(DEFICIT)	7,596,830.43	7,230,614.33



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

Statement of Affairs £		From 22/11/2019 To 21/05/2020 £	From 22/05/2019 To 21/05/2020 £
5,575,000.00	FIXED CHARGE ASSETS		
	Hadlow Main Campus East	NIL	NIL
		NIL	NIL
(5,663,000.00)	FIXED CHARGE CREDITORS		
	Barclays Bank PLC	4,500,000.00	4,500,000.00
		(4,500,000.00)	(4,500,000.00)
	HP ASSETS		
728,000.00	Building, Equipment, Vehicles	NIL	NIL
(917,000.00)	HP/Leasing Company (1)	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
12,296,000.00	Assets under Construction	NIL	NIL
	Betteshanger Country Park Limited	621,981.00	621,981.00
1,077,000.00	Cash at Bank	NIL	1,096,830.63
1,319,000.00	Debtors	NIL	NIL
	Insurance Refund	543.25	5,342.25
	Interest Gross	1,122.75	2,751.37
12,660,000.00	Land & Buildings	NIL	NIL
561,000.00	Plant & Equipment	NIL	NIL
651,000.00	Stock	NIL	NIL
	Trading Surplus/(Deficit)	7,596,830.43	7,230,614.33
		8,220,477.43	8,957,519.58
	COST OF REALISATIONS		
	Administrators' Fees	1,453,899.00	1,453,899.00
	Betteshanger Country Park Ltd	20,729.04	72,729.04
	Betteshanger Sustainable Park Ltd	32,240.91	65,240.91
	EA Consulting Costs	25,516.40	25,516.40
	EA Estates Maintenance	187,087.72	187,087.72
	Forensics Disbursements	124.30	124.30
	Forensics Fees	45,000.00	45,000.00
	Insurance	227,123.32	241,764.62
	Legal Disbs	2,011.62	9,821.22
	Legal Fees	407,674.06	467,020.72
	PR Costs	5,393.75	7,073.75
	Pre-appointment Professional fees	NIL	11,210.40
	Property Agents' Disbs	NIL	1,197.38
	Property Agents' Fees	36,548.71	75,548.71
	Specialist Property Agents' Fees	25,897.20	88,659.60
	Stationery & Postage	3,692.20	3,692.20
	Statutory Advertising	NIL	97.20
		(2,472,938.23)	(2,755,683.17)
(474,000.00)	PREFERENTIAL CREDITORS		
	Arrears & Pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(1,067,000.00)	Accruals	NIL	NIL
(178,000.00)	Arrears of contributions	NIL	NIL
(142,000.00)	Deferred Income	NIL	NIL
(124,000.00)	Deposits	NIL	NIL
(13,757,000.00)	Funding Bodies	NIL	NIL
(101,000.00)	Hadlow PIF Ltd	NIL	NIL
(24,000.00)	Kent Mining Heritage Fund	NIL	NIL



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

Statement of Affairs £		From 22/11/2019 To 21/05/2020 £	From 22/05/2019 To 21/05/2020 £
(9,094,000.00)	LGPS defined benefit scheme deficit	NIL	NIL
(576,000.00)	Salix	NIL	NIL
(1,067,000.00)	Trade & Expense Creditors	NIL	NIL
(336,000.00)	University of Greenwich	NIL	NIL
(454,000.00)	Unsecured N.I.C.	NIL	NIL
(1,597,000.00)	Unsecured V.A.T.	NIL	NIL
(258,000.00)	Weleyan Bank	NIL	NIL
(3,867,000.00)	West Kent & Ashford College	NIL	NIL
(4,829,000.00)		1,247,539.20	1,701,836.41
	REPRESENTED BY		
	EA Current Account		1,058,231.62
	Input VAT		513,733.48
	Output VAT		(42,322.41)
	Pre-Appointment Bank Account		51,747.12
	Trade Debtors		1,779.38
	Vat Control Account		118,667.22
			1,701,836.41

Since our previous report, we have changed the recording of receipts and payments from being presented gross of VAT to now being presented net of VAT in the individual accounts.



Commentary on the receipts and payments account

Operational Receipts

ESFA Trading Receipts (Education and Skills Funding Agency)

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

Funding totalling £8.0m has been received from the ESFA, of which £2.9m was received in the Reporting Period.

Non ESFA education income

A total of £2.3m has been received, including £377k in the Reporting Period.

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

Since our last progress report we have increased the number of categories under which the receipts are classified in order to provide greater analysis of income received. This has resulted in the 'Non ESFA education income' appearing lower than previously reported. The income is not lower, it has simply been reclassified into other categories of income, primarily Higher Education income, Schools income, GLA funding, Advanced Learner Loan funding, Princess Christian Farm funding and High Needs income.

Higher Education funding

The College provides education to a number of students under a franchise arrangement with the University of Greenwich ("UoG").

Higher Education related income totalling £1.35m has been received, of which £1.28m was received in the Reporting Period. This primarily relates to funding from the UoG and direct receipts from the Student Loans Company.

Other income

Other income of c£580k has been received, of which £480k relates to the Reporting Period. This mainly comprises commercial income (not otherwise recorded in PDQ income) and rental income.

Finance PDQ income

Finance receipts of £693k have been received, including £274k in the Reporting Period, in relation to transactions made using the College's various bank card payment terminals.

These monies relate to the following:

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

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



Broadview and Saplings sales

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

Revenue generated during the Education Administration amounts to £596k, including £246k in the Reporting Period.

ESFA - Funding Grant

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

Income and expenditure fluctuates over the course of the academic year. A large proportion of the funding from regulatory bodies is provided during the first term of the academic year. As such, the JEAs had not made a request under the Grant at the time of my first progress report.

Over the last 6 months, the JEAs have made requests to the Secretary of State for Education for funding under the Grant to meet the normal ongoing costs of operating the College and meeting the costs of the Education Administration.

During the Reporting Period, the JEAs also requested and received funding of £4.5m from the ESFA for the purpose of paying that same amount to the Bank thereby facilitating completion of the Canterbury Transaction.

During the course of the Reporting Period, the JEAs have received Grant funding totalling £8.79m. No repayments of this Grant have been made. Whilst the receipts and payments account shows that, as at 21 May 2020, the College held cash at bank of £1.1m, it is anticipated that the JEAs will be required to make further funding requests under the Grant in order to meet the future costs of the Education Administration.

Operational Payments

Payments relate to expenditure from the continued operations of the College and, where the JEAs considered critical, payment of specific historical creditor balances to ensure continuity of service and achievement of the statutory objective.

Staffing Costs

The most significant expenditure in the Education Administration has been staffing costs, including payroll costs of £6.7m (£2.8m in the Reporting Period), PAYE and National Insurance Contributions totalling £2.1m (£877k in the Reporting Period), pension contributions of £1.9m (£862k in the Reporting Period) and £72k of other staff related costs (£30k in the Reporting Period).

Staffing costs have reduced in the Reporting Period compared to the first six months of the Education Administration. This is primarily as a result of the transfer of staff to CMC and EKCG following completion of the Merger Transactions.

Farm and Equine

These costs relate to the College's farms and animals and comprise feed, medicine, veterinary services and general animal welfare costs. To date these total £376k of which £184k was paid in the Reporting period.



Stock purchases of commercial activities

The cost of sales (COS) for the garden centre, tea room and farm shop total £427k, of which £250k has been paid in the Reporting Period.

Following the temporary closure of the garden centre due to Covid-19, the number of purchases has reduced as compared to the first 6 months of the Education Administration. Conversely, the Farm Shop has become a vital supplier of groceries to the local community and, as such, during the Reporting Period there has been an increased cost of stocking the Farm Shop with fresh produce to meet this increased demand.

IT costs

IT costs total c£152k, of which c£120k relates to the Reporting Period. Costs have been higher over the last six months due mainly to the timing of renewal of software licences and invoicing for services. Additional hardware has also been purchased to support the increased remote working and education delivery as a result of Covid-19.

Leases/HP Agreement

Third party costs to retain the use of various assets required in the continued operation of the College total £326k of which £91k relates to the Reporting Period. The reduction in cost during the Reporting Period results from a number of leases ending prior to the start of the Reporting Period.

Rent, utilities and facilities management

Property related costs total £1.3m, including £801k in the Reporting Period, and are recorded within Rent and Rates, Light and Heat, Water, Phones, Repairs and Maintenance and Cleaning. The increase in costs in the Reporting period is mainly the result of timing of billing and payment for electricity and gas and some additional repairs and maintenance.

Other Expenses

These include payments relating to the Animal Management Unit, licences and subscriptions, learner experience, student refunds, security and health and safety related payments. These total £873k, including £424k in the Reporting Period.

Education Related Costs

These costs relate specifically to ongoing provision of education to the learners and include exam fees, subscriptions and third party education provider costs. The costs total £776k of which £389k was paid in the Reporting Period.

Consultants

The College has retained consultants in a number of capacities; as temporary staff primarily required to support the College finance function and as consultant members of the EAAG, which provides guidance and challenge to the JEAs and the SLT on matters regarding the academic and operational functions of the College. A cost of £343k has been incurred, of which £162k relates to the Reporting Period.

Catering Costs

Third party catering costs of £251k, including £163k in the Reporting Period, relate to the operation of the staff and student canteen facilities.



Continuity Creditors

Payments totalling £129k have been made to certain creditors deemed critical to preserve the continued operation of the College and support the achievement of the Statutory Objective. This includes a payment in the Reporting Period to Brachers of £13k, which includes £9k for legal services that had previously been incorrectly recorded as a pre-appointment expense.

Refunds due to Covid-19

Acting in accordance with government guidance, a number of difficult decisions have had to be taken by the SLT and the JEAs. Amongst numerous other things, this has included closure of the accommodation at the Hadlow Campus and the cancellation of certain planned trips, activities, and some upcoming courses at the College.

Where deposits and fees have been paid in advance, the College has refunded this money. Payments totalling £63k have been made, all within the Reporting Period, but it is anticipated that some of this money will subsequently be recovered from suppliers and/or via insurance claims.

Net VAT position

The receipts and payments account currently shows a net VAT recoverable position of £590k. HM Revenue and Customs have raised some enquiries into the historic treatment of the College's VAT returns, in particular the calculation of input VAT that is deemed to be recoverable.

Until that position has been clarified the full amount of the input and output VAT is being carried in the VAT accounts of the receipt and payments account. However, it is expected that a substantial proportion of the input VAT will not be recoverable as the recovery rate is expected to be in the region of 14% of total input VAT incurred.



The Corporation of Hadlow College - In Education Administration

Schedule of accrued post appointment expenses

Formal Proposals - the JEAs propose that:

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

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

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



THE CORPORATION OF MADLOW COLLEGE - IN EDUCATION ADMINISTRATION
Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 May 2020

Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
B. Steps on Appointment													
01. Review Appointment Validity													
02. Statutory Documentation	3.00	960.00	13.65	3,016.65	13.70	2,575.60	0.20	32.20	10.05	937.05	40.60	7,521.50	185.26
04. Meet Directors/Debtors etc.			0.20	44.20							0.20	44.20	221.00
05. Initial Reviews			2.00	442.00							2.00	442.00	221.00
06. Third Party Discussions	8.50	2,720.00	16.65	3,679.65	4.00	752.00					29.15	7,151.65	245.34
07. Attendance at Premises					3.95	742.60					3.95	742.60	188.00
08. Detail Documentation Review	3.75	1,200.00									3.75	1,200.00	320.00
09. Preparation of Proposals			19.25	4,254.25	0.80	150.40			1.20	152.40	21.25	4,557.05	214.45
12. Setting up Internal Files					3.80	714.40			3.00	381.00	6.80	1,095.40	161.09
99. Other Matters									0.30	38.10	0.30	38.10	127.00
B. Sub Total - Steps on Appointment	15.25	4,880.00	51.75	11,436.75	26.25	4,935.00	0.20	32.20	14.55	1,508.55	108.00	27,792.50	211.04
C. Planning and Strategy													
01. Historic Performance Review	0.20	64.00	1.30	287.30							1.50	351.30	214.20
02. Review Financial Position			8.95	1,977.95			0.20	32.20	0.90	114.30	10.05	2,124.45	211.35
03. Review Bus. Process/Systems			0.50	110.50	0.25	47.00	1.70	273.70	3.10	393.70	5.55	824.90	148.63
04. Assessment of Management	1.50	480.00	0.75	165.75	1.70	319.66					3.95	965.35	244.39
05. Review Options Available			1.50	331.50			2.00	322.00	1.75	222.25	5.25	875.75	166.81
06. Meet Appointees/Committees	0.50	160.00	1.85	408.85							2.35	568.85	242.06
07. Strategy Planning	244.90	76,368.00	226.60	50,678.60	81.05	15,237.40	14.50	2,354.50	68.05	8,642.35	635.10	154,660.85	243.52
08. Reporting			1.00	221.00							1.00	221.00	221.00
12. Press/PR matters	1.50	480.00									1.50	480.00	320.00
13. General meetings	1.50	480.00									1.50	480.00	320.00
14. General discussions	5.25	1,680.00									5.25	1,680.00	320.00
99. Other Matters			3.20	707.20	1.00	188.00	0.70	112.70	1.15	146.05	6.05	1,153.95	190.74
C. Sub Total - Planning and Strategy	255.35	81,712.00	245.65	54,288.65	84.00	15,792.00	19.10	3,075.10	74.95	9,518.65	679.05	164,386.40	242.08



THE CORPORATION OF MADLOW COLLEGE - IN EDUCATION ADMINISTRATION
Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 May 2020

Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
D. General Administration													
01. Insurance Matters	-	-	11.05	2,442.05	163.65	30,760.20	91.45	14,723.45	4.10	520.70	270.25	48,451.40	179.29
02. VAT	-	-	5.10	1,127.10	24.85	4,671.80	16.95	2,728.95	16.15	2,051.05	63.05	10,578.90	167.79
03. Taxation	-	-	25.90	5,723.90	-	-	-	-	1.30	165.10	27.20	5,889.00	216.51
04. Instruct/Liaise Solicitors	-	-	71.50	15,801.50	1.70	319.60	1.45	232.45	11.90	1,511.30	86.55	17,665.85	206.42
05. Investigations	11.75	3,760.00	65.30	14,431.30	3.50	658.00	-	-	249.70	30,813.10	330.25	49,662.40	150.38
06. Conduct Reports	31.75	10,160.00	18.20	4,022.20	0.85	159.80	1.00	131.00	-	-	51.80	14,473.00	279.40
07. Receipts/Payments Accounts	17.05	5,456.00	70.25	15,525.25	24.65	4,634.20	20.75	3,340.75	356.20	27,272.40	488.90	56,228.60	115.01
08. Remuneration Issues	0.30	96.00	36.70	8,110.70	52.70	9,907.60	-	-	0.55	69.85	90.75	18,184.15	201.49
09. Statutory Matters	0.10	32.00	49.10	10,851.10	4.15	780.20	1.40	181.40	4.55	554.65	59.30	12,401.35	209.13
11. Court Hearings	-	-	-	-	1.20	225.60	-	-	-	-	1.20	225.60	189.00
12. Press/PR Matters	2.50	800.00	105.40	23,293.40	6.60	1,240.80	-	-	-	-	114.50	25,334.20	221.26
13. General Meetings	14.50	7,840.00	50.15	11,082.15	3.60	676.80	1.05	169.05	39.65	5,035.55	118.95	24,804.55	208.53
14. General Discussions	1.25	400.00	64.80	14,320.80	25.75	4,841.00	1.80	289.80	13.05	1,657.35	106.65	21,508.95	201.68
15. Gen. Admin/Correspondence	11.45	1,664.00	81.30	17,967.30	27.30	5,132.40	18.75	2,946.75	447.28	51,040.73	586.08	80,751.18	137.78
16. Maintain Internal Files	-	-	-	-	1.85	347.80	-	-	11.20	1,422.40	13.05	1,770.20	135.65
D. Sub Total - General Administration	100.85	32,208.00	654.75	144,699.75	342.35	64,361.80	154.80	24,746.60	1,155.63	122,114.18	2,407.98	388,130.33	161.19
E. Assets Realisation / Dealing													
01. Establishing Control	5.25	1,680.00	23.10	5,105.10	-	-	-	-	-	-	28.35	6,785.10	239.33
02. Evaluation/Reconciliation	-	-	1.30	287.30	4.75	893.00	0.60	96.60	0.20	25.40	6.85	1,302.30	190.12
03. Asset Tracing	1.75	560.00	-	-	0.10	18.80	0.20	32.20	3.50	444.50	5.55	1,055.50	190.18
04. Agent Instruction/Liasing	5.50	1,760.00	15.60	3,447.60	4.05	761.40	0.40	64.40	0.50	63.50	26.05	6,096.90	234.05
05. Sales Info. Preparation	117.95	37,744.00	312.25	69,007.25	272.35	51,201.80	-	-	201.05	25,533.35	903.60	183,486.40	203.06
06. Property Related Matters	6.75	2,160.00	79.80	17,635.80	7.10	1,334.80	7.95	1,279.95	1.70	215.90	103.30	22,626.45	219.04
07. Debt Collection	-	-	5.50	1,215.50	1.70	319.60	-	-	-	-	7.20	1,535.10	213.21
08. Dealing with Chattel Assets	-	-	6.60	1,458.60	0.65	122.20	0.40	64.40	-	-	7.65	1,645.20	215.06
09. Dealing with Other Assets	0.50	160.00	91.50	20,221.50	4.45	836.60	7.20	1,159.20	16.45	2,089.15	120.10	24,466.45	203.72
10. HP/Leasing Matters	-	-	0.20	44.20	-	-	4.30	692.30	17.10	4,711.70	41.60	5,448.20	132.97
12. Retention of Title	-	-	-	-	1.40	263.20	-	-	8.10	1,028.70	9.50	1,291.90	135.99
14. Sales of Business/Assets	62.45	19,984.00	679.05	150,070.05	59.70	11,273.60	9.55	1,537.55	72.70	9,232.90	883.45	192,048.10	217.38
99. Other Matters	2.00	640.00	8.25	1,823.25	12.00	2,296.00	0.60	96.60	0.50	63.50	23.35	4,879.35	208.97
E. Sub Total - Assets Realisation / Dealing	202.15	64,688.00	1,223.15	270,316.15	368.25	69,231.00	31.20	5,023.20	341.80	43,408.60	2,166.55	452,666.95	208.93
F. Trading Related Matters													
01. Establish Business Control	-	-	-	-	-	-	13.70	2,205.70	7.00	889.00	20.70	3,094.70	149.50
02. Trading/other Projections	-	-	7.70	1,701.70	4.25	799.00	0.10	16.10	8.40	1,066.80	20.45	3,583.60	175.24
03. Cashflow Forecasts	-	-	158.30	34,984.30	11.85	2,227.80	-	-	50.05	6,356.35	220.20	43,568.45	197.86
04. Hiving down the Business	-	-	0.35	77.35	-	-	-	-	-	-	0.35	77.35	221.00
05. Attendance at Premises	-	-	2.70	596.70	6.00	1,128.00	-	-	0.15	19.05	8.85	1,743.75	197.03
06. Monitor/Supervise Trading	30.00	9,600.00	330.40	73,018.40	67.10	12,614.80	249.30	40,137.30	455.10	57,797.70	1,131.90	193,168.20	170.66
07. Business Management	7.00	2,240.00	108.40	23,956.40	3.10	582.80	0.85	136.85	-	-	119.35	26,916.05	225.52
08. Trading Accounts	46.05	14,736.00	28.15	6,221.15	8.05	1,513.40	17.55	2,825.55	20.50	2,603.50	120.30	27,899.60	231.92
99. Other Matters	1.50	480.00	9.00	1,989.00	16.55	3,111.40	5.20	837.20	107.20	13,614.40	139.45	20,032.00	143.65
F. Sub Total - Trading Related Matters	84.55	27,056.00	645.00	142,545.00	116.90	21,977.70	286.70	46,158.70	648.40	82,146.80	1,781.55	320,083.70	179.67



THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION
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Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
G. Employee Matters													
01. Dealing with Trade Unions	-	-	1.15	254.15	21.30	4,004.40	-	-	-	-	22.45	4,258.55	189.69
02. Dealing with Employees	57.00	18,240.00	71.00	15,691.00	270.65	50,882.20	1.90	305.90	1.45	184.15	402.00	85,103.25	212.20
03. EPA Matters	-	-	1.25	276.25	-	-	-	-	-	-	1.25	276.25	221.00
04. Pension Issues	0.50	160.00	110.43	24,403.93	17.60	3,308.80	36.00	5,796.00	7.75	984.25	172.28	34,652.98	201.15
99. Other Matters	-	-	3.95	872.95	8.10	1,522.80	0.60	96.60	31.85	4,044.95	44.50	6,517.30	146.91
G. Sub Total - Employee Matters	57.50	18,400.00	187.78	41,498.28	317.65	59,718.20	38.50	6,198.50	41.05	5,213.35	642.48	131,028.33	203.94
H. Creditor Claims													
02. Secured Creditor	2.75	880.00	7.10	1,569.10	0.30	56.40	-	-	-	-	10.15	2,505.50	246.85
03. Preferential Creditors	-	-	-	-	-	-	-	-	1.75	120.75	1.75	120.75	69.00
04. Non-preferential Creditors	-	-	23.35	5,160.35	7.00	1,316.00	4.40	708.40	107.70	12,089.20	142.45	19,273.95	135.30
06. Other Creditors	-	-	0.90	198.90	-	-	0.20	32.20	-	-	1.10	231.10	210.09
99. Other Matters	-	-	-	-	-	-	0.20	32.20	12.75	1,619.25	12.95	1,651.45	127.53
H. Sub Total - Creditor Claims	2.75	880.00	31.35	6,928.35	7.30	1,372.40	4.80	772.80	122.20	13,829.20	168.40	23,782.75	141.23
I. Reporting													
01. Statutory Reporting	22.25	7,120.00	35.30	7,801.30	2.80	526.40	0.85	115.85	38.85	4,193.55	99.85	15,752.10	197.87
02. Reporting to Appointor	52.75	16,720.00	147.35	32,564.35	34.30	6,448.40	0.15	24.15	70.95	9,010.65	365.00	64,767.55	212.35
04. Reporting to Creditors	2.00	640.00	100.85	22,287.85	53.85	10,123.80	-	-	0.70	75.40	157.40	33,127.05	210.46
05. Reporting to Court	-	-	26.45	5,845.45	3.50	658.00	-	-	5.25	594.25	35.20	7,097.70	201.64
06. Reporting to other bodies	16.75	5,350.00	21.55	4,762.55	3.35	629.80	5.75	845.25	18.50	2,149.50	65.40	13,947.10	213.26
99. Other Matters	-	-	-	-	1.70	319.60	1.75	222.25	1.75	222.25	3.45	541.85	157.06
I. Sub Total - Reporting	93.25	29,840.00	331.50	73,281.50	99.50	18,706.00	6.25	985.25	135.80	16,445.60	666.30	139,238.35	208.97
J. Distribution & Closure													
01. Closing Planning	-	-	-	-	0.30	56.40	-	-	-	-	0.30	56.40	188.00
J. Sub Total	-	-	-	-	0.30	56.40	-	-	-	-	0.30	56.40	188.00
Grand Total	811.45	259,664.00	3,370.93	744,974.43	1,362.50	256,150.00	541.35	86,992.35	2,514.38	294,384.93	6,620.60	1,642,165.70	190.49



The table above is a summary of the JEAs time costs incurred from the date of their appointment, 22 May 2019, to 22 May 2020.

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

A Pre Appointment

Work undertaken prior to the JEAs appointment was disclosed in section 12 of the Proposals.

B Steps upon Appointment

Steps undertaken following the appointment related to the following:

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

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

C Planning and Strategy

Time costs incurred under this heading relate to the following:

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

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

D General Administration

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

- Reviewing and regularising affairs regarding insurance;
- VAT and taxation;



- Undertaking investigations regarding the conduct of the former governors and senior post holders and reporting thereon;
- Investigations into the affairs and transactions of the College;
- Recovery and storage of the College's books and records;
- Day to day management of the College's assets;
- Cashiering functions related to the receipts and payments made by the College whilst it continues to operate;
- Complying with statutory and regulatory matters;
- Managing formal contractual matters regarding the College;
- Dealing with court hearings regarding the insolvency (excluding third party litigation);
- Dealing with ongoing press enquiries and PR matters; and
- Managing general administrative matters/basic enquiries/meetings etc.
- Dealing with insurance related matters

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

E Asset Realisation/Management

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

- Liaising with the DfE;
- Liaising with the FEC;
- Liaising with Interested Parties with regards to the proposed sale process; including the negotiation of heads of terms, due diligence, transition planning and communications of transfers to employees, students and stakeholders;
- Completing sales of campuses to acquiring colleges and finalising the transition of students and staff;
- Engaging educational and property specialists to identify non-core realisable assets and to provide guidance on existing property sales;
- Identifying and controlling recorded assets and property;
- Undertaking/managing debt collection and where appropriate engaging and monitoring specialist agents;
- Dealing with plant, machinery, stock, and intangible assets including intellectual property and engaging specialist agents and solicitors in respect of this matter;
- Managing third party, HP and leased assets;
- Managing and investigating Retention of Title claims including site inspections and meetings.

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

F Trading Related Matters

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

- Embedding and developing further controls into the College's pre-existing procedures;
- Overlaying specific Education Administration assumptions in the College's cash flow forecast;
- Providing a team of 12 insolvency and education specialists on site in the lead up to appointment and in the weeks immediately thereafter;
- Meeting and communicating with suppliers and guaranteeing continuity of critical services to the College;
- Supervising trading and liaising with senior management on operations;
- Attending daily meetings with the senior leadership team following the outbreak in the UK of the Covid-19 pandemic. The purpose of these meetings included the discussion of the



significantly reduced opening of the College campuses, the implementation of the remote learning systems and planning the phased wider reopening of the College campuses;

- Preparing trading accounts and general financial management of the College and its commercial operations and subsidiaries;
- Making funding requests to the Secretary of State for Education in accordance with the terms of the Grant;
- Providing weekly financial updates to the DfE and responding to their enquiries regarding the same; and
- Managing environmental & HSE matters including consultation with specialists, site inspections and meetings.

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

G Employee Matters

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

- Managing c.430 employees;
- Attending periodic meetings at the College's various campuses;
- Providing an open forum for employees to raise questions about the Education Administration process and the FEC options review;
- Regular updates/correspondence with the Trade Union representatives both on general operations, Covid-19 planning and the sales processes;
- Dealing with a number of ongoing employee matters and issues with the assistance/support of the College's HR team;
- Understanding the employees' pension position;
- Supporting acquiring colleges with TUPE consultation and the transfer of staff based at the Nottingham and Canterbury campuses;
- Ensuring migration of employee information to acquiring colleges and completing the employee transfers; and
- Continuing employee transition planning for the Proposed Merger Transaction with NKC.

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

H Creditor Claims

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

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

I Reporting

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

- Preparing the JEAs statement of proposals;
- Periodic progress reports to creditors regarding the progress of the Education Administration, including preparation of Receipts & Payments Accounts, an analysis of time costs accrued and a review of actual costs and accrued costs as compared to this fees and expenses estimate;
- Providing the DfE with a weekly update on the financial position of the College and the forecast future cash flows for the duration of the Education Administration; and
- Regular reporting to the DfE detailing key matters, an update on JEAs accrued time costs and other expenses.



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

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

J Distribution and Closure

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



The Corporation of Hadlow College - In Education Administration

Schedule of BDO LLP's agreed charge out rates

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

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

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

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

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

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

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring Insolvency Practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

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

Other Costs

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

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



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

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

BDO LLP



Schedule of the Joint Education Administrators' post appointment accrued costs

Appendix 5



The Corporation of Hadlow College - In Education Administration

Schedule of accrued post appointment expenses (net of VAT)

Professionals	Costs incurred in the Reporting Period (£)	Costs paid in the Reporting Period (£)	Costs outstanding (£)
Brachers LLP	85,000	80,041	4,959
Womble Bond Dickinson LLP	442,536	375,701	66,835
Brown Rudnick LLP	9,319	9,319	Nil
BDO LLP - Forensics	45,125	45,125	Nil
AON Risk Solutions	466,284	276,320	189,964
Savills UK	34,498	33,498	1,000
Peter Marsh Consulting Limited	33,175	30,675	2,500
Real Estate Advisory Services	35,043	35,043	Nil
CTP Consulting Engineers	900	900	Nil
Lambert Smith Hampton	30,909	3,909	27,000
RL Surveys Limited	5,040	1,260	3,780
EB7 Limited	31,380	31,380	Nil
ADF Accounts	8,407	8,407	Nil
Barbara Jones HR Consultancy	6,612	6,612	Nil
TJE Consulting	1,511	1,511	Nil
Further Education Partnership	6,518	6,518	Nil
Fusion Project Management	2,470	2,470	Nil
A Eastwood	27,604	21,712	5,892
Access Group	7,362	7,362	Nil
Allied Specialists Limited	15,462	6,132	9,330
Arch Tech UK Limited	291	291	Nil
Asbestos First Limited	14,797	4,797	10,000
ATC Fire Safety	15,800	3,800	12,000
Aztech Tree Services	15,550	15,550	Nil
Bamford Tree Management	440	440	Nil
BGI Electrical Limited	4,297	4,297	Nil
Chippings Tree Surgery	1,740	1,740	Nil
DMA Group	22,841	841	22,000
Envirocure Limited	6,447	1,447	5,000
Metroline Fire and Security	20,945	7,495	13,450
SS&A	34,597	30,929	3,668
Strutt & Parker	64,762	43,414	21,348
Thomas Welch & Sons	2,286	2,286	Nil
RSM UK	1,200	1,200	Nil
Headland PR Consultancy LLP	7,994	6,794	1,200
Total	1,509,142	1,109,216	399,926



Appendix 6

Proof of debt/claim form

The Corporation of Hadlow College - In Education Administration

Debt as at the date of the appointment of the Joint Education Administrators: 22 May 2019

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