Form 2.23B(CH)

In accordance with Schedule B1, paragraph 53(2) of the Insolvency Act 1986

The Insolvency Act 1986

Notice of result of meeting of Creditors

Name of Company	Company number
SS Realisations 2012 (formerly Specialist Schools and Academies Trust)	02124695

In the	Court case number
High Court of Justice (full name of court)	4018 of 2012

We,

Phillip Sykes
Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Jeremy Willmont
Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

hereby report that a meeting of the creditors of the above company was held

at Ironmongers' Hall

on 31 July 2012

at which

The proposals, dated, 12 July 2012, were approved as circulated without modification

Other resolutions approved

1 That the remuneration of the joint administrators be fixed by reference to the time properly given by the joint administrators and their staff in attending to matters arising in the administration in accordance with Rule 2 106(2)(b) of the Insolvency Rules 1986

2 That the joint administrators shall be authorised to draw their firm's internal costs and expenses in dealing with the estate, including photocopying, printing, facsimile, storage, mileage and room hire, as and when funds permit

3 That the time costs incurred prior to appointment with a view to placing the company into administration by Moore Stephens LLP in the sum of £183,685 and pre administration expenses of £763 be approved

4 That the time costs incurred prior to appointment with a view to placing the company into administration by Taylor Wessing LLP in the sum of £129,861 and pre administration expenses of £77 be approved

5 That the joint administrators be given their release 14 days after filing of either Form 2 34B (move to creditors' voluntary liquidation) or Form 2 35B (move to dissolution) with the Registrar of Companies, whichever is applicable

It should be noted that a creditors' committee was not formed by creditors

Signed ______________________
Joint Administrator

Dated 10 August 2012

A copy of the original proposals is attached for those who did not receive such documents prior to the meeting

Contact Details:

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

Phillip Sykes
Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

DX Number	020 7334 9191 DX Exchange

Companies House receipt date barcode

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

MOORE STEPHENS

Strictly Private & Confidential

SS REALISATIONS 2012 (In Administration) ("the Company") formerly Specialist Schools and Academies Trust

Statement of joint administrators' proposals pursuant to paragraph 49 of Schedule B1 of the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986

12 July 2012

This report contains 29 pages

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Tel 0207 334 9191
Fax 0207 651 1822

Contents

Appendices

1 Introduction

1 1 I wrote to all creditors on 11 June 2012 advising that the Company had entered into administration on 28 May 2012 and that Jeremy Willmont and I were appointed joint administrators by the directors of the Company

1 2 The joint administrators are managing the affairs and business and property of the Company until such time as our proposals for achieving the purpose of the administration have been agreed by creditors and implemented

1 3 The purpose of the administration was -

the rescuing of the Company as a going concern, or failing that,

achieving a better result for the Company's creditors as a whole than would be likely of the Company were wound up (without first being in administration), or

realising property in order to make a distribution to one or more secured or preferential creditors

1 4 In light of the Company's insolvency and long term prospects of trade following our appointment, the initial purpose above was not a feasible strategy Instead it appeared that the second purpose was the most viable option

1 5 The joint administrators will hold an initial meeting of creditors pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986 to consider their proposals and to appoint a creditors' committee if thought fit The meeting will be held at 11 00am on Tuesday 31 July 2012 at the Ironmongers' Hall, Shaftsbury Place, London, EC2Y 8AA Further details can be found later in this report

1 6 It is important that you read this document carefully Creditors will be bound by our proposals once they are approved by the requisite majority of creditors at the meeting You may put forward any modifications that you wish to see incorporated into the proposals and make your views known on whether they should be accepted

1 7 As a creditor you may attend the creditors meeting either in person or by proxy If you do not wish to attend the meeting or submit a proxy to vote you will not prejudice your claim or entitlements to any future dividends Finally if you have not already done so I must receive details of your claim no later than 12 00 noon on Monday 30 July 2012

2 Statutory information

Company name	SS Realisations 2012
Former names	Specialist Schools and Academies Trust Specialist Schools Trust Technology Colleges Trust City Technology Colleges Trust Limited
Trading names	The Schools Network, iNet, SSAT, Leadership and Innovation Academy
Company number	02124695
Registered office	150 Aldersgate Street London EC1A 4AB
Trading address	16th Floor Millbank Tower 21-24 Millbank London SW1P 4QP
Company directors	Mr Nicholas Stuart CB Mr David Gregory Mr Jude Chin Ms Lorna Cocking Mr Martyn Coles Mr David Gregory CBE Dr Neil Hopkin Mrs Judy Moorehouse Sir Cyril Taylor GBE Mr Richard Munday
Chief Executive	Mrs Sue Williamson
Company secretary	Jonathan Vellapah

Authorised share capital	n/a
Issued share capital	n/a
Date of appointment	28 May 2012
Court reference	High Court Of Justice No 4018 Of 2012
Joint administrators	Phillip Sykes Jeremy Willmont
Joint administrators' address	150 Aldersgate Street London EC1A 4AB
Paragraph 100(2) statement	The functions and powers of the joint administrators may be exercised by either or both of the joint administrators jointly and severally

Under the EC Regulation on Insolvency Proceedings 2000, this matter represents main proceedings

3 Background to the administration

3 1 The Company was incorporated on 21 April 1987, as a company limited by guarantee The Company was also registered as a charity number 296729

3 2 The Company was formed as the City Technology Colleges Trust Limited with the purpose of supporting the planned new city technology colleges being sponsored by external business and industry In 1996 the charity was renamed the Technology Colleges Trust and the Specialist Schools Trust in 2003 In October 2005 the Company changed its name to Specialist Schools and Academies Trust to coincide with the academies programme set up by the new Labour government

3 3 The Company traded as The Schools Network, an independent not for profit membership organisation, dedicated to raising achievement in education The Company operated from 9 leasehold locations in Taunton, Guildford, Peterborough, Stafford, Chester-le Street, Chorley, York, Wolverhampton with the head office on floors 16,17 and 18 of Millbank Tower, Millbank , London SW1P 4QP

3 4 The Company was well placed to assume the services previously provided by local education authorities The Company was reliant initially on public sector funding mainly grants from the Department for Education ("DfE") The grant funds received were targeted to give practical support to transform education and raise the achievement of pupils of all ages and backgrounds

3 5 A summary of the recent financial performance of the Company is outlined in the table below -

Summary financial performance	Audited Year to 31-Mar-08 £k	Audited Year to 31-Mar-09 £k	Audited Year to 31-Mar-10 £k	Unaudited management Year to 31-Mar-11 £k	11 Months 28-Feb-12 £k
DofE Grants	37 037	21 559	14 355	12 772	13
Contracts & other income	22 609	65 420	76,658	65 933	26 813
Total Income	59 646	86 979	91 013	78 705	26 826
Net profit/(loss) for the period	3 906	(2 693)	(2 492)	4 064	(5 937)
Actuarial loss on defined benefits pension scheme	1 143	(1 863)	(4 767)	4 521	(800)
Number of employees	341	415	544	544	217

Source Management Information - the figures have not been audited or verified by the administrators or Moore Stephens LLP

3 6 The Company planned to work without grant funding from the DfE In 2008 it won a major contract for circa £30 million of income per annum for the promotion, training and support services for the new diplomas This contract led to the recruitment of a large number of additional staff Also in 2008 the Company started working with the Abu Dhabi Education Council ("ADEC") and won a contract to provide local support to a number of schools under a public private partnership program which provided circa £11 million of income per annum

3 7 Over the penod the Company was successful in winning contracts for Enterpnse Networks and Academies Support and built up an income portfolio of services and contract work consisting of

- A membership scheme for secondary, primary and special schools of over 5,500 schools and academies in the UK and in over 36 countries across the world,
- Leadership programmes from newly qualified teacher to executive head teacher,
- Raising achievement programme,
- Innovation – including personalising learning,
- National Conference – the largest education conference in England,
- Subjects and curriculum programme,
- iNet – its international membership and affiliation arm,
- SSAT Abu Dhabi – the PPP programme, and
- Confucius Institute, the development and promotion of Chinese in schools

3 8 By March 2010, the coalition government's austerity measures had ended the specialist schools grant and bidding for new and replacement contracts became highly competitive In July 2010 the contract for the promotion and training for the new diplomas was terminated a year early Other contracts also terminated such as the International leadership programme and the teachers' international professional development ("TIPD") The Company could not maintain income levels and experienced difficulties replacing contracts at appropriate income levels

3 9 Management implemented restructuring plans to reduce overheads and fixed costs Headcount reductions were achieved between March to July 2010, November 2010 to March 2011, June 2011 to August 2011 and November 2011 to February 2012 In addition, several UK regional offices were closed and staff relocated to only the 16th Floor at Millbank Tower

3 10 The directors and senior management approached a number of potential parties involved in the education sector to seek a merger or sale of the businesses both in the UK and in Abu Dhabi Although there was interest it became clear that funding issues in organisations within the education sector meant there was no willing party to take over the entire business In part this was due to the uncertain ongoing actuarial pension deficits from the Local Government Superannuation Scheme operated through the Royal Borough of Kensington and Chelsea Superannuation Scheme ("RBKC") and potential leasehold liabilities for surplus property particularly at Millbank Tower

3 11 With the assistance of the Company's financial advisors Grant Thornton LLP in February 2012 a further marketing exercise for a sale of the businesses was undertaken In early March 2012 revised budgets were produced forecasting an increased loss for the current year and a loss of circa £1 7 million for 2013 By 28 March 2012 only 3 parties had reverted with expressions of interest that they might be prepared to make an offer after completing satisfactory due diligence

3 12 On 29 March 2012 the directors engaged Moore Stephens LLP to review the cashflow forecasts and comment on the business disposal options available The directors received advice that it was unlikely that the Company would be able to trade out of its loss making position and that the Company would be technically insolvent during May 2012

3 13 We concluded that a limited opportunity existed to achieve a sale, so management with our assistance approached the interested parties to complete the due diligence and procure written offers by the first deadline of 20 April 2012 Ultimately three formal offers were received, one from the UK management team, the managing director in Abu Dhabi and one external party Following a review of best and final offers we concurred with the directors' conclusion that the best interests of creditors would be served by accepting the offers from the management teams

3 14 Faced with increasing creditor pressure and threats of legal action it became clear to the directors, with benefit of legal advice, that they could no longer avoid an insolvency process and resolved on 15 May 2012 to file a notice of intention to appoint joint administrators to allow the offers to be progressed The Company entered administration at 4 24pm on 28 May 2012

4 Statement of affairs

4 1 Paragraph 47 of Schedule B1 to the Insolvency Act 1986 requires the directors, if requested, to submit to the joint administrators a statement of affairs detailing the particulars of the Company's assets, debts and liabilities

4 2 The directors' statement of affairs was signed on 15 June 2012 by Mr N Stuart and statements of concurrence have been provided by the directors

4 3 A summary of the statement of affairs is attached at Appendix I, together with the joint administrators' comments thereon

5 Conduct of the administration

5 1 The joint administrators' strategy since the filing of the intention to appoint joint administrators has been to continue as far as possible the business and services offered by the Company whilst a sale of all or part of the business and assets was concluded This strategy would minimise the risks of claims from employees and breach of contract claims whilst maximising realisations for creditors

5 2 The cash at bank held by the Company at the date of appointment funded the continuation of the business and services including the collection of debts The continuation of services has required the support of staff, consultants, landlords, utility providers, IT and telecoms providers and other key suppliers The joint administrators have made no redundancies

5 3 The joint administrators are pleased to confirm that they have secured the sales of the UK and the ongoing Abu Dhabi businesses

a) On 29 May 2012 completion of the sale of the UK business occurred to SSAT (The Schools Network) Limited ("UK") a special purpose company formed by the senior management team The sale excluded certain assets and the Confucius Institute business

b) On 29 May 2012 contracts were exchanged for the sale of the shares of SSAT Middle East Consultancy LLP ("ME") to David Allison

c) On 29 June 2012 completion occurred on the sale of the Confucius Institute business ("CI") to the Institute of Education, University of London

5 4 SIP 13, 'Acquisition of assets of insolvent companies by directors', requires an Insolvency Practitioner to disclose to creditors transactions involving the acquisition of assets of the insolvent company by any connected parties

5 5 The statement was produced in recognition of the fact that the acquisition of assets of an insolvent business by directors may give rise to concerns that assets may have been disposed of at less than market value and that those who have been prejudiced by the insolvency of the disposing company may be exposed to further risk The statement also recognises that connected party transactions may be in the best interests of creditors but requires such transactions to be conducted with the greatest degree of propriety and with disclosure to those interested as soon as reasonably practicable

5 6 SIP 16, 'Pre-packaged sales in administrations', requires an Insolvency Practitioner to disclose to creditors and parties who might be affected the reasoning behind the decision to undertake a pre-packaged sale and justify why such a course of action was considered appropriate

5 7 A copy of the initial notification to creditors on 11 June 2012 detailing the SIP 13 and SIP 16 information on the sales is attached at Appendix II

UK business

5 8 In order to protect the value of the UK business and assets, the joint administrators formed a view that completing a going concern sale would be expedient and in the creditors' best interest Full details of this transaction are set out in the SIP 16 notes In addition, it was evident that there was significant value in the Company's Abu Dhabi branch and subsidiary Crucial to the continuity and credibility of the Abu Dhabi operations was an ongoing link to the services of the UK business

5 9 The sale to UK of the office equipment and furniture for £20,000 plus VAT is due to be paid on or before 31 October 2012 The consideration of £150,000 excluding VAT for the remainder of the business and assets acquired by UK is due in three instalments of £50,000 on 3 January 2013, 3 February 2013 and 3 March 2013 Additional consideration of 50 per cent of the monies received in excess of £150,000 may be due in if UK sell the business and within twelve months of the completion date

5 10 The sale the whole of the UK business and assets (excluding the CI business and certain excluded assets) was agreed on a deferred consideration basis as the joint administrators were provided with the cashflow forecast prepared by UK which supported the need for working capital assistance which peaks in September 2012, (the quiet period for debtor receipts being when the schools are on summer holidays) Security by way of a registered fixed and floating charge debenture granted by UK has been obtained to cover all amounts due from UK

5 11 UK has been appointed agent of the Company to collect the book debts for a fee of 10% of the administration debts realised The joint administrators have agreed that up to 31 December 2012 a proportion of the debtor receipts would be available as a loan Any loan and the consideration due for the chattel assets from the date of completion attract interest at the rate of 5% above the base rate of Royal Bank of Scotland plc

5 12 The sale prevented 75 redundancies in the administration and consequential employee claims of circa £900,000 The sale also mitigated potential contingent claims estimated by the joint administrators to be in excess of £3,000,000 arising from breach of contract claims on contracts assumed such as future conferences and events and damages claims from schools and other affiliates for membership services not rendered

CI business sale

5 13 This unit comprised the 5 members of staff excluded from the UK business sale The staff provided support, management, course planning, conferences for the promotion and development in schools of Chinese cultural and language education The Confucius Institute in China controls the intellectual property rights and funding, accordingly it was necessary for any purchaser to agree with the Confucius Institute to a transfer

5 14 The sale to IofE comprised the sale of two laptops, the rights under various contracts including future royalties, the transfer of the 5 staff including the assumption of the June payroll cost, and an undertaking to settle specific third party liabilities relating to the business of £62,423 The joint administrators' solicitors, Taylor Wessing LLP, currently hold the sale consideration of £5,000

5 15 The sale enabled a continuity of services, improved the prospects of a recovery of debtors of £25,775, avoided breach of contract claims for future events booked and paid of £21,350 and avoided the joint administrators making 5 redundancies with consequential employee claims of circa £28,000

The sale of ME

5 16 The sale of the 49% shareholding in ME for £130,000 avoided the costs of winding up the business, including the employee claims from making 20 redundancies, potential breach of contract claims from several private schools contracts and claims from ADEC from the new professional development contract ("PD contract") which commenced in February 2012 The recovery of the intercompany loan balance due to the Company of circa £1 million and a debtor due to ME of circa £925,000 due from ADEC under this PD contract for work to date was at risk in the event that ME did not continue in business

5 17 As ME is a separate legal entity and forecast to trade profitably with sufficient working capital it was considered in the best interests of creditors to continue the trade and progress a sale to David Allison The relationships with ADEC were also a key factor in the need to run-off and manage the remainder of the ADEC public private partnership contract ("the PPP contract") held by the Company's Abu Dhabi branch

5 18 The joint administrators' solicitors Taylor Wessing LLP are holding the funds of £26,000 representing a non-refundable deposit on exchange of contracts being 20% of the completion monies The joint administrators expect completion will be in July 2012, as the conditions precedent are fulfilled

Abu Dhabi Branch

5 19 Principally for a sole customer ADEC, the Company was completing the PPP contract to operate and manage certain schools in Abu Dhabi The PPP contract was awarded in November 2009 and expired on 30 June 2012, however, the services are being performed up to the end of the current academic year ending August 2012 The contract was on a "costs plus profit" basis and has proved over the years to be profitable for the Company

5 20 A key risk was an early automatic termination by ADEC of the PPP contract, arising from an insolvency event, including administration The possibility of breach of contract claims giving rise to claims on performance bonds and retention monies, including the receivables and future receivables from ADEC for reimbursement of the operating costs in June, July and August 2012, could have put in jeopardy any significant recovery of the Company's net assets held in Abu Dhabi of circa £5 million at the date of administration

5 21 Other than the Company's 78 staff in Abu Dhabi who were on notice that their fixed term contracts would not be extended beyond August 2012, third party creditor claimss were not anticipated to be significant, as most costs were prepaid Further under local employment laws, ring fenced cash deposits were available to cover all the end of service claims of employees

5 22 Whilst there is no established insolvency process in Abu Dhabi, the joint administrators concluded that the best outcome for creditors as a whole, as far as possible, would be to attempt an orderly completion of the PPP contract and then proceed to wind down the Abu Dhabi Branch On 29 May 2012, the joint administrators entered into a formal management agreement with ME to manage the proper performance of the PPP contract and be the main point of contact when dealing with ADEC

5 23 ME is subject to overriding control by the joint administrators with reporting and other benchmarks in the management agreement ME has reported that the PPP contract did not terminate early and the wind down is proceeding in line with expectations The repatriation to the UK administrators' bank account of the surplus funds that the Company holds in the Abu Dhabi branch is expected to commence shortly

6 **Realisations to date**

6 1 Attached as Appendix III is a copy of the joint administrators' receipts and payments account for the period 28 May 2012 to 30 June 2012

6 2 The bank accounts operated by the Company are under the joint administrators' direct control, they have been frozen for payments but not yet been closed in order to facilitate debtor collections from customers who are set up to make direct payments into the old bank accounts The joint administrators will request the transfer of the balance of the funds to the administration accounts shortly It is anticipated that realisations from the bank accounts will be in line with the directors' statement of affairs

6 3 The payment made to InTechnology Limited (of £7,730 62 plus VAT) to settle the undertaking given by the joint administrators for ongoing telephones and Internet usage is expected to be reimbursed from the indemnity given by the purchaser of the UK business Notarisation fees relate to a payment made to Cheesewrights LLP for assistance in legalising the documents on the sale of ME

6 4 Certain chattel assets that have excluded from the UK sales of businesses are being realised on the joint administrators' behalf by KAL

7 **Prescribed part**

7 1 Section 176A of the Insolvency Act 1986 relating to the prescribed part is not applicable in this case There are no outstanding floating charges registered or created on or after 15 September 2003 All creditors will rank equally for dividends as unsecured creditors

8 **Estimated outcome**

8 1 The joint administrators anticipated that any preferential creditors will be paid in full and that a dividend will be payable to unsecured creditors The administrators are not able to quantify the dividend and timing of any payment at this stage, although an interim dividend should be available for payment during 2013

8 2 The wind down of the Abu Dhabi branch, the book debt recoveries and repayments from the sale of the UK business will be realised over the next two years to September 2014

8 3 The directors' statement of affairs estimates unsecured creditor' claims of £9,280,455, this figure includes estimates for leasehold liabilities and a pension fund shortfall representing over half of the total value of unsecured creditor claims Until a final adjudication of the landlord claims and adjudication of any RBKC pension fund claim has taken place, the likely dividend rate cannot be calculated with any certainty

8 4 The estimated outcome statement at Appendix IV illustrates the likely funds available to creditors, on the basis of realisations in line with the directors' statement of affairs but with an additional provision for unsecured creditor claims of £4 million, principally in relation to the pension fund deficit

9 **Pre appointment costs and expenses**

9 1 The directors provided Moore Stephens LLP with a letter of engagement on 29 March 2012 The following costs were incurred with a view to the Company entering into administration

Pre appointment time

	Hours	£
Partner	63 5	32,350
Senior Manager	391 2	150,612
Supervisor	0	0
Administrator	0	0
Secretary/Other	6 8	722
	461 5	183,684

Pre appointment expenses

	£
Photocopying / Printing	77
Company searches	2
Travel	377
Telephone / Fax / Postage	15
Room hire	292
	763

PRE ADMINISTRATION COSTS	Services provided	Basis of fees	Total £	Unpaid £	Paid £	Payment by
Fees incurred by Moore Stephens LLP	Financial	Time costs	183 685	53 685	130 000	Company
Expenses incurred by Moore Stephens LLP			763	751	12	Company
Pre appointment legal fees of Taylor Wessing LLP	Legal advice	Time costs	129 861	79 861	50 000	Company
Expenses incurred by Taylor Wessing LLP			77	77	-	

Source Moore Stephens LLP

9 2 Pre appointment time costs arose as a result of a review of the Company's financial position, meetings, calls and correspondence with the directors, dealing with interested parties and due diligence requests, negotiation of sale of businesses, advising the directors, preparing the documents to place the Company into administration, planning the administration strategy and assistance with the formalities of placing the Company into administration

9 3 Solicitor's fees arose primarily as a result of preparing the documents to place the Company into administration, drafting and dealing with the complex business sales agreements and providing legal advice

9 4 Agent's fees were incurred in relation to the valuation of the chattel assets

9 5 The Company has paid £130,000 on account of pre appointment time costs and paid £50,000 on account of disbursements (mainly legal fees of Taylor Wessing LLP) incurred prior to the date of administration It is proposed that the unpaid time costs and expenses will be paid as an expense of the administration and authorisation under Rule 2 67A(2) of the Insolvency Rules 1986 will be sought at the meeting of creditors if there is no creditors' committee formed

10 Joint administrators' remuneration and category 2 disbursements

10 1 Set out below is a summary of the joint administrators' time costs incurred in attending to matters arising in the administration

Summary of Moore Stephens time-costs from 28/05/2012 to 05/07/2012	Partner / Associate	Director / Manager	Admin	Support staff	Total hours	Time cost (£)	Av rate £/h
Statutory compliance administration and planning	21 75	64 90	27 00	24 20	137 85	41 753 50	302 89
Realisation of assets	21 40	74 55		0 15	96 10	38 942.25	405 23
Trading		11 35			11 35	4 369 75	385 00
Creditors	14.25	123 20	2.50	4 90	144 85	53,290 00	367 90
Other	4 60	0.25			4 85	2 442.25	503 56
Miscellaneous	8 30	46 45	2 00		56 75	21 748 25	383 23
Total hours	70 30	321 40	31 50	29 25	452 45		
Total time costs £	35 733 00	117 837 00	6 096 25	3 149 25		162 815 50	359 85

10 2 The time costs incurred to 5 July 2012 relate to dealing with the statutory functions required under the Insolvency Act and Rules, liaising with the Charities Commission, liaising with the Financial Services Authority, finalising the sale of the UK business, negotiating and finalising the sale of the CI business, finalising the sale of ME, monitoring the Abu Dhabi branch wind down activities, post sale liaison and cooperation with the purchasers, sundry asset realisation, liaising and discussion with the landlords and also dealing with enquiries from creditors

10 3 A detailed breakdown of the time costs and category 2 disbursements are attached as Appendix V, together with current charge out rates

10 4 Should you wish to receive a copy of "A Creditors' Guide to Administrators' Fees" this is available on the Moore Stephens website http //www moorestephens co uk/corporaterecovery aspx or by requesting a copy from this office in writing or by telephone

11 Joint administrators' expenses

11 1 A schedule of the joint administrators' category II costs and expenses incurred in the period is detailed in Appendix V

11 2 In addition, legal fees since the date of appointment in respect of the completion of the sale of the businesses are £22,439 plus VAT plus disbursements of £126 66 plus VAT for Taylor Wessing LLP in the UK Legal fees of approximately £3,281 73 have been incurred with Taylor Wessing LLP in Abu Dhabi

11 3 Other third party costs and expenses have been incurred for insurance of the assets, bonding, and valuation of the chattel assets No amounts have been invoiced in the period

12 Joint Administrators' proposals

12 1 The joint administrators consider it unlikely that the first purpose of administration will be achieved, being that the Company will be rescued as a going concern Therefore the joint administrators have adopted a strategy to maximise realisations for the creditors as a whole and make the following proposals -

12 2 That the joint administrators continue to manage the realisation of the Company's assets in such a manner that they consider expedient with a view to achieving a better result for creditors as a whole than would be likely if the Company was wound up first without being in administration

12 3 That if the joint administrators deem it appropriate for their period of office to be extended beyond the statutory one year period then the joint administrators will seek the consent of creditors for an extension of the administration, in accordance with paragraphs 76 and 108 of Schedule B1 to the Insolvency Act 1986

12 4 That following the realisation of the assets, or at such earlier time as the joint administrators in their sole discretion, consider appropriate, that the joint administrators place the Company into creditors' voluntary liquidation

12 5 That the joint administrators, Phillip Sykes and Jeremy Willmont of Moore Stephens LLP be appointed joint liquidators of the Company pursuant to Rule 2 117 of the Insolvency Rules 1986

12 6 That in accordance with paragraph 83(7), Schedule B1 of the Insolvency Act 1986 and Rule 2 117(3) of the Insolvency Rules 1986, creditors may nominate a different insolvency practitioner as to the proposed joint liquidators, provided that the nominations are made after the receipt of the proposals and before the proposals are approved

12 7 That if the joint administrators consider that there are insufficient funds to enable a distribution to be made to the unsecured creditors or they consider that a creditors' voluntary liquidation is inappropriate for whatever reason, then the joint administrators may move the Company straight to dissolution under Paragraph 84 of Schedule B1 to the Insolvency act

12 8 That in the event that a creditors' committee is not formed then the remuneration of the joint administrators be fixed by reference to the time properly given by the joint administrators and their staff in attending to matters arising in the administration in accordance with Rule 2 106(2)(b) of the Insolvency Rules 1986 and that the joint administrators be authorised to draw such remuneration on account from the assets of the Company from time to time as they consider appropriate

12 9 That in the event that a creditors' committee is not formed then the joint administrators shall be authorised to draw their firm's internal costs and expenses in dealing with the estate, including photocopying, printing, facsimile, storage, mileage and room hire, as and when funds permit

12 10 That in the event that a creditors' committee is not formed then the time costs incurred prior to appointment with a view to placing the company into administration of £53,684 75 and expenses of £80,701 all plus VAT are approved

12 11 That it is not intended that any work will be subcontracted out which could otherwise be carried out by the joint administrators and their staff

12 12 That the joint administrators be given their release 14 days after filing of either Form 2 34B (move to creditors' voluntary liquidation) or Form 2 35B (move to dissolution) with the registrar of companies, whichever is applicable

13 Creditors' meeting

13 1 Under Paragraph 51 of Schedule B1 to the Insolvency Act 1986, the joint administrators are required to convene an initial meeting of the creditors of the Company in order to consider and vote upon, amongst other things, the joint administrators' proposals and the formation of a creditors' committee

13 2 A meeting has been convened to be held on 31 July 2012 at 11 00am and will be held at Ironmongers' Hall, Shaftsbury Place, London, EC2Y 8AA A formal notice of the meeting accompanies these proposals and a proxy form and statement of claim form are provided at Appendix VI, both of which you must complete and return to the contact address provided on page 2 of this report should you wish to attend the meeting by proxy

13 3 All creditors of the Company are entitled to attend the meeting, either in person or by proxy Proxy forms must be received before 12 noon on the business day immediately preceding the date of the creditors' meeting in order to be considered valid for the meeting

13 4 Articles 40 to 42 of the European Insolvency Regulation refer to the notification of proceedings to creditors, the content of the lodgement of a claim and the use of the official languages of the European Union in such notices and lodgements In this regard, an invitation for creditors to lodge a claim is provided in each of the official languages at Appendix VII

If you have any concerns or questions concerning the administration or what is being proposed then please do not hesitate to contact my colleagues Stacey Brown or Graeme Gadsby

Phillip Sykes
Joint Administrator

SS Realisations 2012 (in administration)
Formerly Specialist Schools and Academies Trust

SUMMARY OF THE DIRECTORS' STATEMENT OF AFFAIRS	Note	Book Value £	Estimated to realise value £
Assets subject to fixed charges		-	-
Assets subject to floating charges		-	-
Uncharged assets			
Fixed assets	2	2,145,291	70,000
Intangible assets		49,781	-
Investments	3	5,402,099	4,171,000
Cash at bank	4	588,185	590,058
Other debtors	5	5,876	5,876
Prepayments	6	394,374	139,129
Trade debtors	7	1,876,282	529,523
Stock		-	-
Intercompany	8	1,150,509	-
Estimated total assets available for preferential creditors		11,612,397	5,505,586
Preferential creditors	9		-
Estimated prescribed part			-
Debts secured by floating charges			-
Estimated surplus available to unsecured creditors			5,505,586
Unsecured non preferential creditors	10		(9,280,455)
Estimated deficiency as regards creditors			(3,774,869)
Issued share capital			-
Estimated total deficiency			(3,774,869)

Source Directors' statement of affairs

Joint administrators' comments on the directors' statement of affairs

1 The joint administrators have not audited the information and note that no account of the costs of realising the Company's assets or the costs of the administration have been provided in the statement of affairs

2 Fixed assets comprise leasehold improvements, computer equipment, office equipment and furniture, databases, licenses and financial systems The directors' statement of affairs estimate has been taken from an independent valuation of the Company's tangible assets

Agents and valuers, Key Appraisal Limited ("KAL") were instructed to provide an independent valuation of the Company's tangible assets KAL have provided the following in situ and forced sale basis values by location

SUMMARY OF KEY APPRAISAL REPORT	In Situ value	Forced sale value
	£	£
London	148,500	48,500
Peterborough	n/a	500
Taunton	n/a	500
Reading - IT at third party premises	n/a	3 750
	148,500	53,250

Source Key Appraisal reports

Based on the recommendation of KAL assets of £22,000 have been transferred as part of the UK sale of the business and £1,000 as part of the CI sale KAL are instructed to realise the remaining tangible assets The joint administrators anticipate that realisations will be in line with KAL's valuations

3 Investments relate to -

i £3,870,000 for the Company's interest in the wind down and closure of the Abu Dhabi branch and £130,000 for the sale of the Company's 49% shareholding of SSAT Middle East Consultancy LLC The joint administrators believe in excess of these sums may be realised, however it may take up to September 2014 to realise in full and the recovery is dependent on the receipts from the major customer ADEC

ii £150,000 relates to the proceeds of the sale of the UK business This sum is secured by a fixed and floating charge debenture and is due to be paid in 3 monthly instalments of £50,000 commencing 3 January 2013

iii A recovery of £21,000 arising from a sale of the CI business unit

4 Cash at bank refers to monies in bank accounts available for realisation at the date of administration The amounts do not include overseas bank accounts held in dormant subsidiaries in Australia, China and Chile (which are unlikely to be recoverable) or amounts held in Abu Dhabi bank accounts which are included under Investments above

5 Other debtors of £5,876 represents the staff season ticket loans balance The purchaser of the UK business has agreed to settle this sum

6 The return of prepaid overhead costs is unlikely to be significant The joint administrators are pursuing a return of insurance premiums which were paid in advance In addition an insurance claim for legal costs incurred in Abu Dhabi of c £49k has now been accepted by insurers for settlement

The estimated to realise figure relates to the net debt due to the unpaid sums from the Teachers Annual conference in November 2011 The Company has accepted a repayment proposal to clear this debt of c £35,000 per month starting in May 2012

Other debtors exclude any recovery from Learning Schools Network (in liquidation) ("LSN") The Company has submitted a claim of circa £3 million for VAT output tax paid to LSN which should have been treated as an exempt supply The joint administrators are in contact with the liquidators and have agreed to be on the liquidation creditors' committee to progress any potential recovery

7 The book value of the debtors ledger is £1,876,282 A significant portion of the debtors ledger relates to invoicing for future delivery of services, which are being provided by the purchaser of the UK business Accordingly only £590,058 is anticipated by the directors to be available in the administration

To 30 June 2012, a total of £410,270 has been collected from the debtors ledger of which approximately 25% relates to administration debtors The purchaser of the UK business and the purchaser is collecting the debtors ledger as agent for the Company for a fee of 10% of collections due to the administration

8 The directors estimate no recovery from the intercompany balances A balance due from iNet Australia of £392,808 and a balance due from iNet China of £264,085 are likely to have no realisable value following a winding up of these dormant overseas subsidiaries The administrators' focus will be achieving a realisation from Abu Dhabi, which has a book value of £493,615

9 No claims from preferential creditors are anticipated by the directors Although the Company employed 75 employees at the date of the administration, the employees were not owed any salary or wages at the date of administration Further TUPE applied on the transfer of the UK business, in the event that any liabilities existed The directors believe that there were no unpaid pension contributions, giving rise to a preferential claim, outstanding at the date of administration The joint administrators have not yet received confirmation that there are no preferential claims

10 A summary of the directors' estimate of non-preferential unsecured creditor claims is as follows -

SUMMARY OF THE LIABILITIES	Estimated to realise value £
Trade creditors	2,363,352
Accrued Expenses	4,029,368
Other creditors	347 024
Provisions	430,800
HM Revenue & Customs	286,911
Pension schemes	1,823,000
	9,280,455

a ***Source· Directors' statement of affairs***

11 The statement of affairs makes no provision for the notice pay and redundancy entitlements of the employees estimated to be in excess of circa £900,000 By achieving a sale of the UK businesses, the employee liabilities have been avoided

12 The statement of affairs includes within accrued expenses a figure of circa £3 386m for the rent and service charges due on unexpired leasehold premises, the largest being the premises on floors 17-18 at Millbank Tower London where the lease term runs to 31 December 2014 As the Company is no longer in occupation of the premises the joint administrators are liaising with the landlords to ensure this liability is mitigated

13 A provision of £430,800 for dilapidations claims on expiry of the leases at Millbank Tower, Taunton, Wolverhampton, Peterborough and Stafford has been made by the directors equivalent to 3 month's rent The joint administrators believe that these claims remain uncertain and will be subject to mitigation

14 The claims anticipated from HM Revenue & Customs refers to the May 2012 payroll liability for PAYE and NIC of £88,448, a VAT liability of £45,463 for the period since 1 January 2012, and VAT liability of £153,000 relating to a refund on an overpayment received by the Company in 2011 The joint administrators anticipate that interest and late payment penalties may be added to the amount in the directors' statement of affairs

15 The directors' estimate of the pension scheme deficit on the RBKC scheme is based on an actuarial valuation at December 2011 The liability will be recalculated by RBKC as at 28 May 2012 The administrators believe that the claim may exceed that stated in the directors' statement of affairs following discussions with RBKC

16 No provision has been made for contingent claims in the directors' statement of affairs If the purchaser of the UK business ceased trading and failed to provide the future delivery of services the joint administrators believe that breach of contract claims from customers including affiliates might be received in the region of £2 254m for a failure to provide services paid for in advance

SPECIALIST SCHOOLS AND ACADEMIES TRUST (IN ADMINISTRATION) ("THE COMPANY")

Trading address 16th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP

Disclosures under Statement of Insolvency Practice 13

Disclosures under Statement of Insolvency Practice 16

Background

Specialist Schools and Academies Trust ("the Company") was incorporated on 21 April 1987 as a company limited by guarantee The Company is a registered charity number 296729 It was formed as the City Technology Colleges Trust Limited with the purpose of supporting the planned new city technology colleges being sponsored by business and industry In 1996 the charity was renamed the Technology Colleges Trust and the Specialist Schools Trust in 2003 In October 2005 the charity took its current name to coincide with the academies programme set up by the new Labour government

The Company traded as The Schools Network, an independent not for profit membership organisation dedicated to raising achievement in education Government funding from the Department for Education ("DfE") was used to give practical support to transform education and raise the achievement of pupils of all ages and backgrounds SSAT started planning to work without government funding from the DfE in 2008 and built up an income portfolio of services and contract work consisting of

- A membership scheme for secondary, primary and special schools of over 5,500 schools and academies in the UK and in over 36 countries across the world,
- Leadership programmes from newly qualified teacher to executive head teacher,
- Raising achievement programme,
- Innovation – including personalising learning,
- National Conference – the largest education conference in England,
- Subjects and curriculum programme,
- iNet – its international arm,
- SSAT Abu Dhabi – the PPP programme, and
- Confucius Institute

In 2008 the Company won a major contract for circa £30 million for the promotion and training for the new diplomas This led to the recruitment of a large number of additional staff

By March 2010, the coalition government's austerity measures ended the specialist schools grant and by July 2010 the contract was terminated a year early Other contracts were also terminated such as the International Leadership Programme and the Teachers' International Professional Development ("TIPD")

Also in 2008 the Company started working with the Abu Dhabi Education Council ("ADEC") and won a contract to provide local support to a number of schools under the PPP programme The final part of this contract expires this summer however ADEC have recently awarded a follow on professional development contract for 42 schools to the limited liability subsidiary company set up in 2011

Management implemented four restructuring plans to reduce overheads and fixed costs Headcount reductions were achieved between March to July 2010, November 2010 to March 2011, June 2011 to August 2011 and November 2011 to February 2012 In addition, several regional offices were closed and staff relocated to only the 16th Floor at Millbank Tower

Statement of Insolvency Practice 13 – 'Acquisition of assets of insolvent companies by directors' ("SIP13")

In accordance with SIP 13 the following disclosures are required

Disclosure requirements	**Transaction with UK MBO team (known as SSAT (The Schools Network) Limited**	**Transaction with David Mark Allison (the former managing director of the Abu Dhabi branch)**
Date and nature of transaction	The agreement for the sale and purchase of the undertaking and certain of the assets of the business of the Company conducted within the United Kingdom was executed on 29 May 2012 Completion took place on 29 May 2012	The share and asset purchase agreement in relation to S S A T Middle East Education Consultancy L L C and the Company's Abu Dhabi Branch was executed on 29 May 2012 Whilst exchange took place on 29 May 2012, completion of the agreement is subject to the fulfilment of various conditions precedent and is likely to be within three calendar months of the exchange date The reason for the delay between exchange and completion is a result of various notifications and filings required by relevant authorities in Abu Dhabi
Assets involved	The following assets were sold ☐ Intellectual property ☐ Trade marks ☐ All licences and permits of the business including any intellectual property licensing agreements ☐ Certain office equipment and furniture ☐ Assumed contracts ☐ Tender participations ☐ Databases ☐ Goodwill ☐ Transferring book debts ☐ Stock and work in progress ☐ Commercial records ☐ Know-how	In respect of the Abu Dhabi branch the following assets were sold ☐ Fixed assets ☐ Intellectual property rights to be used in certain territories only ☐ Commercial records ☐ Goodwill In relation to S S A T Middle East Education Consultancy L L C ☐ The Company's 49% shareholding (local restrictions require foreign minority shareholdings with a majority ownership to be held by a local sponsor)

	The following assets were excluded from the sale agreement □ The Excluded Book Debts □ The Restricted Funds Accounts □ Any other amounts owing to the Seller (including inter-company balances, book and other debts and amounts represented by debit balances on the purchase ledger of the Seller as at the Effective Time but excluding the Transferring Book Debts), whether or not such indebtedness relates to the Business and whether actual or contingent, due or to become due to the Seller from any person □ The benefit of any actual or potential Claim (including any claim under any policy of insurance or against any employee or former employee) of the Seller or the Administrators □ The benefit of any claim made or to be made by the Seller or the Administrators for repayment of any tax or tax allowance □ The benefit of any claim made or to be made by the Seller or the Administrators for grants from any government, local or public authority other than the Tender Participations □ All credit balances on accounts held at any bank or building society of or in trust for the Seller as at the Effective Time and/or cash in hand of the Seller and/or prepayments, uncleared cheques, notes, bills or other negotiable instruments and securities receivable by the Seller and/or the Administrators as at the Effective Time □ Any equipment other than the Office Equipment and Furniture □ The Third Party Items □ All shares or securities in the issued and allotted share capitals of any companies (whether or not quoted on a recognised stock exchange) in which the Seller as at the Effective Time has any interest including for the avoidance of doubt the Subsidiaries	The following assets were excluded from the sale agreement □ The Business Receivables □ Rights in or arising under the Business Contracts □ Any other amounts (including inter-company balances, book and other debts), whether or not such indebtedness relates to the Business or the UAE Branch and whether actual or contingent, due or to become due to the Seller from any person □ The benefit of any actual or potential Claim (including any claim under any policy of insurance or against any employee or former employee) of the Seller or the Administrators in relation to the Business or the UAE Branch □ The benefit of any claim made or to be made by the Seller or the Administrators for repayment of any tax or tax allowance the Business or the UAE Branch □ The benefit of any claim made or to be made by the Seller or the Administrators for grants from any government, local or public authority in relation to the UAE Branch or the Business □ All credit balances on accounts held at any bank or building society of or in trust for the Seller or the UAE Branch as at the Effective Time and/or cash in hand of the Seller or the UAE Branch and/or prepayments, uncleared cheques, notes, bills or other negotiable instruments and securities receivable by the Seller and/or the UAE Branch and/or the Administrators in relation to the Business as at the Effective Time □ The Third Party Items □ All shares or securities in the issued and allotted share capitals of any companies (whether or not quoted on a recognised stock exchange) in which the Seller as at the Effective Time has any interest □ All the assets and rights of the Seller whether used in the Business or which relate to the UAE Branch or not, other than those specifically included in the definition of the Assets

	☐ All the assets and rights of the Seller whether used in the Business or not, other than those specifically included in the definition of the Assets ☐ Any real property owned, leased or used by the Seller including the Premises ☐ The Confucius Institute ☐ The Abu Dhabi Business	
Consideration for the transaction and when it will be/was paid	Consideration of £150,000 (exclusive of VAT) in respect of the above sold assets (other than the office equipment and furniture and £20,000 (exclusive of VAT) in respect of the office equipment and furniture The consideration in relation to (i) the office equipment and furniture shall be paid by the purchaser on or before 31 October 2012, (ii) in relation to the remainder of the assets shall be paid by the purchaser in three instalments of £50,000 each on 3 January 2013, 3 February 2013 and 3 March 2013, and (iii) with interest payable on both deferred elements from the completion date at the rate of 5 per cent per annum above the base rate for the time being of Royal Bank of Scotland plc The Company has taken security in relation to the deferred consideration and interest thereon, in the form of a fixed and floating charge over the purchaser's assets In the event that the purchaser makes a disposal of the business within twelve months of completion and that disposal exceeds £150,000, the purchaser has undertaken to pay a further sum equal to 50 per cent of the excess to the Company	The consideration for the sale and purchase of the forty-nine shares of AED 2,000 each in capital of S S A T Middle East Education Consultancy LLC is £130,000 The consideration for the sale and purchase of the fixed assets of the branch was £1 Repayment of the inter-company loan due from S S A T Middle East Education Consultancy LLC of circa AED 5,200,000 The consideration in relation to (i) the sale and purchase of the shares is to be paid 20% on exchange and 80% on completion, (ii) the fixed assets of the branch is to be paid on exchange, and (ii) the inter-company loan is to paid in the following proportions (a) on 1 September 2012, AED 800,000, (b) thereafter at each six calendar month intervals (being 1 March and 1 September respectively), AED 800,000, and (c) the balancing repayment shall be paid on the later of 1 September 2014 or when a bond is released by ADEC (in whole or in part) provided that if ADEC do not make any claim under the related contract and a demand or call is made against the bond in satisfaction of such claim, then the amount of such demand or call against the bond shall be deducted from the balance of the inter-company loan outstanding at the relevant time
Name of the counterparty	The counterparty is SSAT (The Schools Network) Limited	The counterparty is David Mark Allison
Nature of the counterparty's connected party relationship with the vendor	The purchaser is connected with the vendor by reason of being under the control of some of the same person(s)	The purchaser is connected with the vendor by reason of being an ex-employee of the vendor

If transaction took place before the appointment of the member as office holders, the name of any adviser to the vendor *Whether the purchase and (if the transaction took place before the appointment of the member as office holder) the vendor were independently advised*	The transaction took place after the appointment The purchaser and vendor were independently advised The purchaser was advised by Berwin Leighton Paisner LLP and the vendor by Taylor Wessing LLP	The transaction took place after the appointment The purchaser and vendor were independently advised The purchaser was advised by Pinsent Masons Dubai and the vendor by Taylor Wessing LLP in the UK and in Dubai
Where the transaction took place before the commencement of liquidation or administration, the scope of the office holders' investigation and the conclusions reached	The transaction did not take place before the date of the administration See commentary below on the SIP16 disclosure matters	
Where the disclosure is to a liquidation committee and the committee has not been consulted prior to contract, the reason why such consultation did not take place	Not applicable as liquidation committee was not in place as the Company is not in liquidation	
Where, in a liquidation, the disclosure is to creditors, whether the liquidation committee (if there is one) has been consulted and the outcome of such consultation	Not applicable as the Company is not in liquidation	

Statement of Insolvency Practice 16 – 'Pre-packaged sales in administration' ("SIP16")

In accordance with SIP16 the following disclosures are required (please note that there is some overlap with the SIP13 disclosure above, this has been noted where applicable below)

Disclosure requirements	**Transaction with UK MBO team (known as SSAT (The Schools Network) Limited**	**Transaction with David Mark Allison (the former managing director of the Company)**
Source of the administrators' initial introduction	Grant Thornton LLP	Grant Thornton LLP
Extent of the administrators' involvement prior to appointment	Moore Stephens LLP ("MS LLP") was engaged on 29 March 2012 to provide the Company with pre-insolvency contingency planning advice with regard to a potential administration order and an accelerated sale of the business and assets Prior to this, neither Phillip Sykes or Jeremy Willmont, nor MS LLP had any prior business relationship with the Company or its Directors/Trustees Since that date and prior to their appointment as joint administrators of the Company Phillip Sykes attended four board meetings and provided ad hoc advice to the Company on its financial position and the options available in relation to its business and assets The joint administrators also liaised with interested parties, reviewed offers received and negotiated the sale and purchase agreements and associated documents with the purchasers	
Marketing activities conducted by the company and/or the administrator	The directors and senior management approached direct a number of potentially interested parties in the education sector with a view to a merger or an outright sale This was without success as similar funding issues were being faced by organisations in the sector The corporate finance arm of Grant Thornton LLP was therefore instructed by the Company on 29 February 2012 to market and sell the business In early March 2012, Grant Thornton LLP issued information packs to seven parties interested in the education sector for both the UK and Abu Dhabi operations By 28 March 2012 only three parties had reverted with an expression of interest that they might be prepared to make an offer after completion of satisfactory due diligence The directors also became aware that David Allison, the managing director of the Abu Dhabi operations, had expressed an interest in acquiring the Abu Dhabi business What became apparent, though, was that, with one exception, the proceeds of sale would be unlikely to satisfy the claims of all creditors Following an introduction from Grant Thornton LLP, we were appointed to advise the Company on 29 March 2012 We met with the directors and had telephone discussions with Grant Thornton LLP and were satisfied that extensive external testing of the market had been undertaken and that only a limited opportunity existed to achieve a sale Management approached all the interested parties on 30 March 2012 with and met shortly thereafter with two of the parties who had signed confidentiality agreements with us in attendance We established an electronic data room for each of the parties as part of their due diligence completion and populated the management and financial information provided by the Company One external interested party notified the Company that they would not be making a formal written offer by the first deadline of 20 April 2012 Accordingly, the only formal offers received were from one external party, from the management team in the UK and from the managing director in Abu Dhabi Following review of best and final offers, the directors concluded that the best interests of creditors would be served by accepting the offers from the management teams We concurred with this conclusion	

Valuations obtained of the business or the underlying assets	The intangible business assets were sold for £150,000 The extensive marketing carried out by Grant Thornton LLP and management made it clear that there was no serious third party interested in making an offer for the business due to the very significant TUPE liability attaching to existing staff Accordingly, obtaining an additional valuation was not considered appropriate Valuation of office equipment and furniture was undertaken by the independent agents, Key Appraisal Limited The valuation was prepared on both a situ and ex situ basis □ Market value as a whole in its working place £148,500 □ Market value as individual items for removal £48,500 □ Complete clearance liability £14,000 SSAT (The Schools Network) Limited purchased £20,000 of the above office equipment and furniture at a valuation recommended by Key Appraisal Limited	No valuations were undertaken in relation to the Abu Dhabi fixed assets By the end of August 2012 the fixed assets of the branch are forecasted to be fully depreciated
Alternative courses of action that were considered by the administrators, with an explanation of possible financial outcomes	It was evident from reviewing the initial cash flow forecasts in early April 2012 that the Company would be technically insolvent during May 2012, this was explained to the Directors Given the Company's prospective insolvent status the following insolvency processes were discussed and considered *Company Voluntary Arrangement ("CVA")* It was difficult to see how a CVA would be a viable option given a volatile economic background, a lack of working capital and further planned cutbacks in government grants Whilst a restructuring plan had been commenced and staff numbers reduced, there was a need to exit onerous property leases costing in excess of £1 million per annum Management's discussions with the landlords' agents made it clear that an agreement for a surrender of the leases was not an option and that the possibility of sub-letting at the similar rental levels would be difficult and would require time to implement The revised budgets for 2012 and 2013 forecast continued losses The likelihood was that a break even position would not arise over this period even with further measures taken to cut the fixed overhead cost base It was difficult, therefore, to put together credible and meaningful cash flows to show creditors the ability to pay a significant dividend on the liabilities A CVA option with the businesses remaining within the existing corporate structure was therefore rejected The overwhelming professional advice received by management prior to appointment was that a merger or sale of the businesses in the UK and overseas should be progressed as a matter of urgency Accordingly, a CVA was discounted as being a feasible option *Creditors' Voluntary Liquidation ("CVL")* A number of key contracts would have terminated on insolvency and concerns were expressed over the impact of a liquidation and close down on the anticipated realisations in particular from the Abu Dhabi operations There is no established insolvency process in Abu Dhabi and the best outcome for creditors would be a continuation of the PPP contract for ADEC, held in the Company's branch, to its anticipated maturity and thereafter an orderly wind down of the branch operations The risk of an immediate shut down and a forced sale of the assets would have had a damaging effect upon the value of the goodwill and other "intangible" assets for any prospective purchaser Furthermore, the creditor claims were anticipated to be higher in such a process If employees had to be made redundant a significant liability would have arisen from their termination entitlements A large number of additional claims would arise from breach of contract claims, including those from the membership schemes	

	For a sale of the businesses to take place, this needed to happen swiftly and without interruption The statutory delays incumbent to the CVL process would not only be difficult from an administrative perspective in relation to the size of the potential creditor base but would more than likely have been disproportionately damaging to the value of the business and assets being sold *Administration* It was concluded that the best option would be an accelerated disposal programme whereby the Company should enter Administration so as to protect the major assets and as far as possible facilitate a smooth sale The benefits were considered to be the perception of it being a rescue process, the continued provision of the services, improved job prospects for employees and retained value for creditors The question was when this should take place, and what type of Administration would be appropriate, i e whether the administrators would be able to trade forward or not, should this be the chosen route An initial review indicated that a trading administration might be feasible for the branch operations in the Middle East as it was likely that it would continue to trade at a profit from the PPP contract with ADEC However, a projected trading loss and cash expenditure requirement in administration of circa £1 0 million over a trading period of 6 to 8 weeks for the UK business meant that insufficient cash resources would be available to fund an administrator, whilst the accelerated disposal program was finalised It was unlikely that funds could be repatriated from Abu Dhabi to cover this cost without impacting on the ability to complete the ADEC PPP contract It was therefore established that the most appropriate route for the Company and its creditors was a "pre packaged" sale of the business and assets by an administrator The reasons for this were - ☐ An extensive marketing exercise had been undertaken, ☐ Potential purchasers for the UK and Abu Dhabi businesses had been identified by management and the Company's financial advisors Grant Thornton LLP, ☐ Employees jobs would likely be preserved and their associated liabilities would be transferred under TUPE to any purchaser, ☐ Asset realisations would be greater than in a close down situation, ☐ Potential affiliate membership liabilities would not arise, and ☐ Potential claims for lost customer deposits and balances pre paid for conferences and events would not arise By the second week of May 2012 it was evident that creditors were pressing heavily for payments and threats of legal action were increasing To protect the business and ring fence assets for the benefit of the general body of creditors, it was decided that the Company should be protected by a moratorium in order to enable the board and their adviser to focus on a potential sale of the business A board meeting was held on 14 May 2012 where it was decided that MS LLP should be engaged to file a Notice of Intention to Appoint Administrators ("NOI") The NOI was completed and filed by the administrators' solicitors, Messrs Taylor Wessing LLP on 15 May 2012
Why it was not appropriate to trade the business, and offer it for sale as a going concern, during the administration	See commentary above on alternative courses of action

Details of requests made to potential funders to fund working capital requirements	An approach was made by the board of trustees to Marwan Abu Manneh a financer known in Abu Dhabi to fund the business through any potential cash needs until the end of the Millbank leases Unfortunately, after carrying out due diligence the individual concerned decided that he was not willing to provide the required funding An approach was made to the DfE by the directors for additional funding but this was declined	Funding was not required by the Abu Dhabi branch or S S A T Middle East Education Consultancy L L C as both were able to fund themselves from their own resources/trading activities Although, historically the UK business had funded the set-up of the Abu Dhabi business
Whether efforts were made to consult with major creditors	One of the Company's largest potential creditor is the landlord of the company's trading premises on the 16th, 17th, 18th and part 31st floors of Millbank Tower, Motcomb Estates Limited In December 2011 the Company instructed agents, Allsop LLC, to negotiate with the landlord for a monthly payment of rent and the marketing for a sale of the leases The landlord was given detailed access to the financial position of the Company but by the middle of February 2012 the landlord advised that it was not in a position to renegotiate the leases	There were no significant creditors of the Abu Dhabi branch and S S A T Middle East Education Consultancy L L C Employees were the largest expense but under Abu Dhabi legislation there is a requirement for an entity to put funds into an escrow account to pay for employment termination and repatriation costs This was adhered to and those employees are currently in the process of being paid Employees in Abu Dhabi were formally notified of the end of their employment contract on 29 April 2012 The letter advised that due to the Abu Dhabi Education Contract (ADEC) - PPP Contract completing in July 2012 the Abu Dhabi branch could not offer new contracts with the Company
The date of the transaction	See commentary under the SIP13 disclosure	See commentary under the SIP13 disclosure
Details of the assets involved and the nature of the transaction	See commentary under the SIP13 disclosure	See commentary under the SIP13 disclosure
The consideration for the transaction and terms of payment	See commentary under the SIP13 disclosure	See commentary under the SIP13 disclosure
Any conditions of the contract that could materially affect the consideration	If the purchaser were to fail this would impact on its ability to pay the deferred consideration However, as part of the transaction, the Company took a fixed and floating charge over the assets of the purchaser and will monitor closely the future trading until repayment	Cancellation of the contracts or claims that there had been an event of default under either contract could impact on the payment of the deferred consideration and in particular the repayment of the intercompany loan due from the Abu Dhabi business In addition, although not part of the purchase, the above scenarios would also impact on the refund of the cash bonds due to the SSAT Abu Dhabi branch

If the sale is part of a wider transaction, a description of the other aspects of the transaction	Not applicable For the details of the transaction see commentary under the SIP13 disclosure	Not applicable For the details of the transaction see commentary under the SIP13 disclosure
The identity of the purchaser	SSAT (The Schools Network) Limited	David Allison
Any connection between the purchaser and the directors, shareholders or secured creditors of the company	See below There are no shareholders or secured creditors	See below There are no shareholders or secured creditors
The names of any directors, or former directors, of the company who are involved in the management or ownership of the purchaser, or of any other entity into which any of the assets are transferred	Jude Chin was a director of the Company and is a director of SSAT (The Schools Network) Limited Sue Williamson was the CEO of the Company and is a director of SSAT (The Schools Network) Limited	David Allison was the managing director of both the Abu Dhabi branch and S S A T Middle East Education Consultancy L L C David Allison will continue to be a director of S S A T Middle East Education Consultancy L L C
Whether any directors had given guarantees for amounts due from the company to a prior financier, and whether that financier is financing the new business	Not applicable The Company did not have any bank debt	Not applicable The Company did not have any bank debt
Any options, buy-back arrangements or similar conditions attached to the contract sale	Not applicable	Not applicable

SS Realisations 2012 (in administration) Formerly Specialist Schools and Academies Trust Joint Administrators' receipts and payments account	From 28 May 2012 to 30 June 2012 £
RECEIPTS	
Sundry refunds	1,313 47
Cash at Bank	203,013 60
	204,327 07
PAYMENTS	
Telephone, Fax & Telex	7,730 62
Employee expenses for return of IT kit	16 70
Bank Charges	10 00
Notarisation fees	933 5
	8,690 82
Net Receipts/(Payments)	195,636 25
MADE UP AS FOLLOWS	
VAT Receivable	1,635 82
Bank 2 - Current (F)	194,000 43
	195,636 25

Appendix IV

SS Realisations 2012 (in administration)
Formerly Specialist Schools and Academies Trust

ESTIMATED OUTCOME STATEMENT at 30 JUNE 2012

Directors' statement of affairs £		Received / (paid) to date £	Estimated future movement £	Estimated final outcome £
	Uncharged assets			
70,000	Fixed assets	-	70,000	70,000
4,171,000	Investments	-	4,171,000	4,171,000
590,058	Cash at bank	203,013	387,045	590,058
5,876	Other debtors	1,313	4,563	5,876
139,129	Prepayments	-	139,129	139,129
529,523	Trade debtors	-	529,523	529,523
-	Stock	-	-	-
-	Intercompany	-	-	-
5,505,586		204,326	5,301,260	5,505,586
-	**Costs of the administration and realisations**	(8,690)	(1,250,000)	(1,258,690)
5,505,586	**Estimated assets available for creditors**	195,636	4,051,260	4,246,896
(9,280,455)	Unsecured non preferential creditors		(13,280,455)	(13,280,455)
(3,774,869)	**Estimated deficiency as regards creditors**		(9,229,195)	(9,033,559)

***Source** The directors' statement of affairs and Moore Stephens LLP*

Breakdown of remuneration and category 2 disbursements

Summary of Moore Stephens time-costs from 28/05/2012 to 05/07/2012

	Partner / Associate	Director / Manager	Admin	Support staff	Total hours	Time cost (£)	Av rate £/h
Statutory compliance administration and planning	21 75	64 90	27 00	24 20	137 85	41 753 50	302 89
Realisation of assets	21 40	74 55		0 15	96 10	38 942 25	405 23
Trading		11 35			11 35	4,369 75	385 00
Creditors	14 25	123 20	2 50	4 90	144 85	53,290 00	367 90
Other	4 60	0 25			4 85	2 442 25	503 56
Miscellaneous	8 30	46 45	2 00		56 75	21 748 25	383 23
Total hours	70 30	321 40	31 50	29 25	452 45		
Total time costs £	35 733 00	117 837 00	6,096 25	3 149 25		162,815 50	359 85

Total remuneration drawn on account	Nil

Charge out rates -

Rates effective from	1st-Nov-2010
Partner / Associate	£355-£510
Manager	£165-£385
Administrator	£53-£200
Support	£30-£110

Time charged in 3 minute units or multiples thereof

Examples of work generally undertaken but not limited to

Statutory compliance, administration and planning
- Compliance with other regulatory requirements
- Statutory reporting and compliance
- Case planning team meetings and strategy formulation
- Administrative set up
- Appointment notification
- Maintenance of records
- Liaison and deregistration of Financial Services Authority registration
- Liaison and dealing with queries of the Charities Commission

Sale of UK Business
- Negotiation and finalisation of the agreement
- Post sale formalities, name change
- Facilitating continuity of key suppliers
- Post sale formalities name change
- Liaison with 3rd party owners of assets
- Employee formalities P45 s
- Vacation of head office site and landlord liaison

Sale of ME Business
- Notorisation and legalisation of documents
- Progressing conditions precedent

Wind down of Abu Dhabi Branch
- Management of operations and ADEC position
- Reviewing and approving payments
- Monitoring cashbooks and bank reconciliations
- Reviewing cashflow forcasts and employee termination position

Realisation of assets
- Identifying, securing insuring assets
- Dealing with 3rd party assets / Retention of title
- Property business and asset sales
- Debt collection
- Tax reclaims

Accounting and treasury
- Liaison with pre appointment bankers
- Arranging transfer of pre appointment funds
- Reviewing receipts and payments
- Monitoring debtor receipts
- Transfer of loan of funds to UK
- Periodic bank reconciliations

Trading
- Management of operations
- Review and evaluation of contracts
- Key supplier negotiations and undertakings
- Accounting for trading including supplier payments
- Arranging company records to be stored

Creditors
- Initial communication with creditors
- Recording of creditor details on insolvency system
- Publishing statutory correspondence and reports on web site
- Responding to queries and requests for copies of documents
- Managing expectations on dividend rate and timing

Employees and pension matters
- Notifications to trustees pension providers and PPF
- Notification to Teachers Pension Scheme
- Liason with RBKC on local government pension scheme
- Consideration of the legal position and basis for claims
- Management of Employment Tribunal claim
- Accounting for trading
- Responding to employee issues and queries

Investigations
- Issuing directors questionnaires
- Reviewing completed directors' questionnaires
- Reviewing creditor questionnaires returnned

Schedule of expenses incurred during the period

Appendix V

Breakdown of time costs and category 2 disbursements continued

Summary of Moore Stephens' category 2 disbursements from 28/05/2012 to 05/07/2012

	Costs incurred £	Costs drawn £
Photocopying / printing	821 40	
Room hire	292 00	
Total	1,113 40	
Total undrawn costs to carry forward		**1,113 40**

Category 2 disbursement rates -

Type	**Rate**
Photocopying / printing	£0 15 per sheet
Room hire	£30-£50 per hour