

Joint Administrators' final progress report from 19 February 2022 to 18 August 2022

Cordant Technical Limited
(in administration)

In the Court of Session, Edinburgh
PI55/20

18 August 2022

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Administrators/ Joint Administrators/we/us/our	Rachael Maria Wilkinson, Zelf Hussain and David Robert Baxendale
ABN	ABN Amro Asset Based Finance N.V
Barclays	Barclays Bank PLC (a Secured Creditor)
Centrovalli	Centrovalli Limited, a BVI registered company (a Secured Creditor)
Company/ Technical	Cordant Technical Limited - in administration
Group	Cordant Group Plc and its subsidiaries
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR(S)18	Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018
Lenders	RBS Invoice Finance Limited, Barclays Bank PLC and ABN Amro Asset Based Finance N.V.
Preferential Creditors	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Prescribed Part	The amount set aside for Unsecured Creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Purchasers/Purchaser	Twenty20 Capital Bidco 1 Ltd (“Bidco 1”) and its subsidiaries: 2020 A Ltd, 2020 B Ltd, 2020 C Ltd, 2020 E Ltd, 2020 F Ltd, 2020 G Ltd, 2020 L Ltd, 2020 T Ltd and Twenty20 Midco 1 Limited. Bidco 1 is controlled by Twenty20 Capital Holdings Ltd.
PwC	PricewaterhouseCoopers LLP
RBSIF	RBS Invoice Finance Limited (a Secured Creditor)
Secured Creditor	A creditor with security in respect of their debt, in accordance with section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates from an estate
SIP 16	Statement of Insolvency Practice 16: Pre-packaged sales in administrations

SOA	The directors Statement of Affairs
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured Creditors	Creditors who are neither secured nor preferential
Wider Companies (each a company)	<p>C.L.C Realisations Limited (formerly Cordant Cleaning Limited) (“Cleaning”) PRL Realisations 1 Limited (formerly PMP Recruitment Limited) (“PMP”) Cordant Technical Limited (“Technical”) - all in administration</p> <p>Cordant Group Plc (“Plc”) Security Realisations Limited (formerly Cordant Security Limited) (“Security”) PTR Realisations Limited (formerly Cordant People Limited) (“People”) PEG 1 Realisations Limited (formerly Premiere Employment Group Limited) (“Premiere”) SFG Realisations Limited (formerly Staffgroup Limited) (“Staffgroup”) SGHW Realisations Limited (formerly Sugarman Health & Wellbeing Limited) (“Sugarman”) - previously in administration</p>

This report has been prepared by Rachael Maria Wilkinson, Zelf Hussain and David Robert Baxendale as Joint Administrators of the Company, solely to comply with the Joint Administrators’ statutory duty to report to creditors under IR(S) 18 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any persons choosing to rely on this report for any purpose or in any context other than under IR(S) 18 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators’ previous reports issued to the Company’s creditors, which can be found at www.pwc.co.uk/cordantgroup. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Rachael Maria Wilkinson, Zelf Hussain and David Robert Baxendale have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators’ appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We're pleased to let you know that our work in the administration of Cordant Technical Limited is now complete and so, we set out below our final report.

You can still view our earlier reports on our website at www.pwc.co.uk/cordantgroup. Please email uk_cordantgroupcreditors@pwc.com if you need the password to access the reports.

How much creditors have received

The following table summarises the final outcome for creditors.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured Creditors:		
RBSIF / Barclays	100 (paid)	100
Centrovalli	7.51(paid) c.10-12 from Wider Companies	10-12
Preferential Creditors		
	N/A	N/A
Unsecured Creditors		
	60.81 (paid)	60.81

The Lenders were re-paid in full (£43,005,330.90) by the Wider Companies from the proceeds of the sale of the businesses and the deferred consideration. The Lenders held first ranking fixed charges over the Wider Companies' assets.

Centrovalli was owed c.£6m at the time of our appointment and held second ranking fixed and floating charges over the Wider Companies' assets. Based on what we currently know, we do not expect Centrovalli to be repaid their lending in full. Centrovalli received £190,774.58 from Cordant Technical and this brings total distributions to Centrovalli from the Wider Companies to £447,211.75 or 7.51% of its debt. We estimate Centrovalli will receive between 10-12% of its debt from the Wider Companies.

As explained in our previous reports, all employees of the Wider Companies transferred to the Purchasers under TUPE and despite dealing with a significant number of employee matters, no preferential claims were identified for the Company.

We've paid a dividend of 60.81% to the Company's Unsecured Creditors totalling £41,427.39 from the Prescribed Part. The dividend rate was higher than anticipated as certain parties listed as creditors in the directors statement of affairs did not submit claims in the liquidation.

What you need to do

This report is for your information and you don't need to do anything.

What happens next

On 18 August 2022 we filed notice of move from administration to dissolution. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

The exit route was considered the most appropriate in the circumstances, as the purpose of the administration has been achieved and there are no assets left to realise.

We ceased to act on 18 August 2022. As resolved by the Secured Creditors, we will be discharged from liability in respect of any of our actions as Joint Administrators 14 days after this report is filed by the Registrar of Companies.

Overview of our work

Why we were appointed

The Group was the UK's leading independently owned talent solutions group, serving labour markets across the distribution, delivery, security, cleaning, IT, healthcare and education sectors. The Group had operations mainly in the UK including their head office in London, but operations also in France, Germany and Australia.

The Group utilised a receivables finance facility made available by the Lenders. This facility was secured by debentures and other security documents, providing first ranking fixed charge security and floating charges over certain assets of various trading companies within the Group.

Further information regarding the Wider Companies' circumstances leading up to our appointment can be found in our Initial letter to creditors with SIP16 report and Joint Administrators' Proposals for achieving the purpose of administration on our website at www.pwc.co.uk/cordantgroup.

Both the Group Facility and another facility in the Staffgroup subgroup were due to expire on 1 August 2019. Plc was due to file statutory accounts for the year ended 31 December 2018 by 30 June 2019 and required facilities for a minimum of 12 months thereafter in order to satisfy the audit requirements for going concern.

During 2019, the Group was unsuccessful in its attempts to refinance the Group and the Lenders granted a number of extensions up to 31 January 2020, to allow the Group to find an alternative lender or, if this was not successful, to complete a sale of the Group. The Group instructed Deloitte LLP to seek a buyer for the trading businesses of the Group on an accelerated basis. At the end of January 2020, the Group requested an extension to the forbearance period in order to complete a sale to one of the interested parties who had submitted an offer. This was granted by the Lenders on a rolling weekly basis on the condition that it would not be extended beyond 28 February 2020.

On 30 January 2020, the Group was notified that from 11 February 2020 all "soft" facilities, e.g. BACs facilities and credit cards would need to be cash backed. In addition, the Group's invoice discounting facility was reduced.

On 21 February 2020, the directors of the Company filed a notice of intention to appoint Administrators and on 2 March 2020, the directors appointed Rachael Wilkinson, Zelf Hussain and David Baxendale as Joint Administrators of the Company.

Pre-packaged sale of the business and assets

The Joint Administrators decided that the strategy which would provide the optimum outcome for the Company's creditors as a whole was for the Company to enter an administration process and undertake a pre-packaged sale of their businesses and assets to one of the parties identified through the sale process.

This was on the basis that:

- The offers for the businesses and certain assets of the Wider Companies, which maximised returns to creditors were made on the basis of the transaction being executed via a pre-packaged administration.
- We assessed the likely returns in the event that the Group was broken up and considered the value achieved for the pre-packaged sale exceeded the break up value of the assets.
- The Group's banking facilities had already been withdrawn or restricted and the Lenders had made it clear that no facilities would be available after 28 February 2020. Without these ongoing facilities the Group could not continue to trade. It was therefore inevitable that the Group would require an insolvency process.
- All the Secured Creditors supported the transaction.
- The sale resulted in the transfer of c.45,000 employees thereby mitigating Preferential and unsecured Creditor claims.
- Continuing to trade the businesses outside an insolvency process and the Wider Companies seeking to effect a successful turnaround, would not have been possible as the Group's facilities had already been restricted and the invoice discounting facility would not be available after 28 February 2020.

Immediately upon our appointment on 2 March 2020, we secured the sale of the majority of the business and assets of the Company as a going concern to the Purchaser, a series of entities controlled by Twenty20 Capital Holdings Limited.

Connected party transactions

As confirmed in our proposals, the Purchasers are controlled by Twenty20 Capital Holdings Limited which has no connection with the directors, shareholders or Secured Creditors of the Group. However, we understand the following parties were granted a minority shareholder interest in Twenty20 Capital Bidco Limited:

Centrovalli - secured lender to the Group

Chris Kenneally - director of People, Staffgroup, PMP, Premiere, Sugarman, Technical, Security, Plc, Cleaning

Alan Connor - director of Plc

Ken Steers - director of Plc

Statutory and compliance

During the period covered by this report, we prepared and distributed our fourth progress report for the period 2 September 2021 to 18 February 2022. We have also finalised the VAT position of the Company.

Distributions to creditors

As explained earlier in this report, during the period we declared and paid the unsecured creditors a dividend of 60.81p in the £ from the Prescribed Part. We also distributed £190,789.58 to Centrovalli under their floating charge security over the Company's assets.

Approval of our proposals

We previously issued to creditors our proposals for achieving the purpose of administrations, the document was dated 9 March 2020. A summary of our proposals is attached at appendix A.

We said in our proposals that we thought the Company did not have enough assets to pay a dividend to Unsecured Creditors other than from the Prescribed Part. This meant that we did not have to hold creditors' meetings to approve our proposals and our proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our proposals were deemed approved on 19 March 2020.

Investigations and actions

We have reviewed the Company's affairs and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and SIP 2. At this time, nothing has come to our attention to suggest that we need to do any more work in line with our duties.

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed corporation tax returns for all relevant accounting periods. We have requested tax clearance and been liaising with HMRC to receive this and we have not received any objection from HMRC to the administrations ending.

Our final receipts and payments account

We set out in Appendix B accounts of our final receipts and payments in the administrations.

Our outlays

We set out in Appendix C a statement of the final outlays that we incurred to the date covered by this report.

Our fees

We set out in Appendix D an update on our remuneration which covers our fees, disbursements and other related matters.

Creditors' rights

More detailed information about the Administrators' remuneration and outlays, for the period of the report and from when it entered administration on 2 March 2020, can be found in Appendix C and Appendix D.

Further information about the rights of creditors under the insolvency legislation in relation to insolvency practitioners' fees may be found at:

https://www.icas.com/data/assets/pdf_file/0004/595336/Administration-creditor-guide-2022-final.pdf

You can also get a copy free of charge by telephoning Syed Shah on 0113 289 4314.

Yours faithfully
For and on behalf of the Company



Rachael Wilkinson
Joint Administrator

Appendices

Appendix A: Summary of our proposals

The Administrators pursued objective (b) of the statutory purpose of administration, which is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The Administrators made the following proposals for achieving the purpose of administration;

Immediately following our appointment, we completed a sale of the businesses and assets of the Company. As part of the pre-packaged sale, all employees were transferred to the Purchaser under TUPE resulting in a mitigation of preferential claims and unsecured claims against the Company. The continuation of trade meant continued services for the Company's customers and mitigation of any contractual claims that could have arisen from the Company ceasing to trade.

The cost of managing the Company's affairs and conducting the administrations (including our remuneration) will be financed by the asset realisations of the Company. This is primarily from the sale of the business and assets, but will also include any other assets we deem as assets of the Company.

The Administrators will fulfil their duties to investigate the conduct of the Company's directors and report to the Department for Business, Energy and Industrial Strategy. The Administrators will investigate any claims that the Company may have against any party and, where in the best interest of creditors, take steps to pursue such claims.

In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations.

The Administrators will use the net asset realisations to make distributions to the Secured Creditors and, in the event we identify any, Preferential Creditors. If the floating charge realisations are sufficient, we will pay the Unsecured Creditors from the Prescribed Part.

As it is expected that as there will be no dividend to Unsecured Creditors of the Company except from the Prescribed Part, once our work as Administrators is finished, we'll file a notice with the Registrar of Companies and the Company will be dissolved three months later. If we think there are matters that should be conducted in a liquidation rather than in administration, we may instead apply for a court order ending the administration and for it to be wound up.

If enough creditors wish to do so, a committee could be formed to agree the Administrators remuneration and discharge on their duties. An election of a creditor committee was not sought mainly because the Company had insufficient property to enable a distribution to be made to non-preferential Unsecured creditors except from the Prescribed Part. Therefore, it will be for the Secured and if applicable, the Preferential Creditors to agree the Administrators' fees and category 2 expenses.

Appendix B: Receipts and payments

Receipts and Payments Account	Technical			
	SOA	2 March 2020 to 18 February 2022	19 February 2022 to 18 August 2022	Total
		£	£	£
Assets subject to fixed charges				
Fixed charge realisations				
Total Fixed charge realisations	-	-	-	-
Fixed charge payments				
Total Fixed charge payments		-	-	-
Net Fixed Charge Realisations		-	-	-
Assets subject to floating charges				
Floating charge realisations				
Debtors	90,600.00	334,538.50	-	334,538.50
Fixtures & Fittings, Plant and machinery	5,500.00	3,000.00	-	3,000.00
The business		1.00	-	1.00
The business Intellectual Property		1.00	-	1.00
The Computer Systems	-	1.00	-	1.00
The benefit of the contracts		1.00	-	1.00
The goodwill		1.00	-	1.00
The properties		1.00	-	1.00
The stock	-	1.00	-	1.00
The records		1.00	-	1.00
Pre Appointment Cash	27,000.00	41,892.63	-	41,892.63
Bank interest		0.33	-	0.33
Total floating charge asset realisations	123,100.00	379,439.46	-	379,439.46
Floating charge payments				
Bank charges		(30.00)	(40.75)	(70.75)
Statutory advertising		(83.00)	-	(83.00)
Professional fees		(1,388.89)	-	(1,388.89)
Legal fees		(22,980.80)	-	(22,980.80)
Pre-appointment legal fees		(11,839.00)	-	(11,839.00)
Administrators' fees		(91,373.00)	(10,000.00)	(101,373.00)
Administrators' disbursements		-	(873.05)	(873.05)
Pre-appointment Administrators' fees		(8,627.00)	-	(8,627.00)
Pre-appointment Administrators' disbursements		(2.00)	-	(2.00)
Total floating charge payments		(136,323.69)	(10,913.80)	(147,237.49)
Prescribed Part dividend declared at 60.81p in the £ on 23 May 2022		-	(41,427.39)	(41,427.39)
Distribution under floating charge		-	(190,774.58)	(190,774.58)
VAT Control account		(1,947.00)	1,947.00	-
Total cash at bank		241,168.77	(241,168.77)	-

Funds were held in a non-interest bearing account.

Appendix C: Outlays

Outlays are amounts properly payable during the latest accounting period by us as Administrators from the estate and includes our fees, but excludes distributions to creditors. These include disbursements which are outlays met by and reimbursed to an office holder in connection with an insolvency appointment.

Outlays fall into two categories:

Outlay	SIP 9 definition
Category 1	Payments to persons providing the service to which the outlay relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 outlays as these have all been provided by third parties but we do need approval to draw Category 2 outlays. The body of creditors who approve our fees (in this case the Secured Creditors) also has the responsibility for agreeing the policies for payment of Category 2 outlays and this has been approved.

The following table provides a breakdown of the Category 1 and Category 2 outlays that have been incurred:

Category	Costs incurred by	Policy	Costs incurred £
-	-	<i>No disbursements incurred in the period</i>	-
Total incurred during the period			-
Brought forward at 18 February 2022			873.05
Total incurred to 18 August 2022			873.05

The table below provides details of the outlays incurred in the administration:

Technical	Brought forward (£)	Incurred in the period (£)	Cumulative (£)	Original estimate (£)	Variance (£)
Pre-administration costs	20,468	-	20,468	20,468	-
Legal fees and expenses	22,981	-	22,981	21,772	1,209
Professional fees	1,389	-	1,389	1,389	-
Statutory advertising	83	-	83	166	(83)
Bank charges	30	41	71	50	21
Administrators' fees	91,373	10,000	101,373	101,373	-
Administrators' disbursements	873	-	873	730	143
Total	137,197	10,041	147,237	145,948	1,290

Our outlays have exceeded the estimate provided to all creditors before the basis of our fees was fixed. This is because we required further legal advice than initially expected to shorten the accounting period and extend the period of the administration in order to pay the Prescribed Part dividend to Unsecured Creditors.

Appendix D: Remuneration update

Our fees were approved on a fixed fee basis by the Secured Creditors. We've drawn fees of £101,373 in line with the approval given, as shown on the enclosed receipts and payments account. You can view a copy of our remuneration report on our website www.pwc.co.uk/cordantgroup.

We set out later in this Appendix details of our work, subcontracted work and payments to associates.

Our work in the period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Accounting and Treasury		
<ul style="list-style-type: none"> Processing receipts, payments and journals Performing bank account reconciliations Closure of bank accounts 	<ul style="list-style-type: none"> Ensuring good stewardship of funds held on behalf of creditors 	<ul style="list-style-type: none"> To ensure the proper management of the estates' funds
Creditors		
<ul style="list-style-type: none"> Corresponding with numerous Unsecured Creditors regarding their claims and the prospects of dividends Reviewing and preparing correspondence to creditors and their representatives Preparing and delivering the Notice of Intended dividend to all creditors Adjudicating all claims received before the final date for proving Calculating dividend rate and preparing dividend file Preparing correspondence to creditors announcing declaration of dividend Preparing and paying the dividend Liaising with creditors regarding their dividend Payment of unrepresented cheques to the Insolvency Service. 	<ul style="list-style-type: none"> To ensure valid claims are admitted To provide creditors with information requested 	<ul style="list-style-type: none"> To ensure the correct distribution of funds and ensure creditors are kept informed of their rights Direct benefit to creditors through payment of dividend
Secured Creditors		
<ul style="list-style-type: none"> Liaising with the Secured Creditors regarding the strategy for the closure of the case and their distributions Paying a distribution to the second ranking floating charge holder 	<ul style="list-style-type: none"> To distribute funds to the creditors To provide creditors with information requested 	<ul style="list-style-type: none"> Direct benefit through distributions To ensure creditors are provided with the necessary information
Statutory and Compliance		
<ul style="list-style-type: none"> Drafting, reviewing and publishing the fourth progress report in the administration Drafting, reviewing and publishing the final report Filing case records in line with internal policy Filing of appropriate notices at Companies House including the notice of move to dissolution 	<ul style="list-style-type: none"> To meet the statutory duties of the Administrators 	<ul style="list-style-type: none"> Statutory or regulatory duties of the Administrators

Strategy and Planning

- Planning for the most efficient route for closure
- Conducting case reviews
- Reviewing budgets and forecasts for different workstreams in the administrations
- To ensure proper management of the administrations
- To ensure orderly management and progression of the cases in a cost effective manner

Tax and VAT

- Holding calls with our specialist tax team regarding post appointment payments and receipts
- Liaising with HMRC to request tax clearance
- Preparing, reviewing and submitting quarterly VAT returns
- To meet the statutory duties of the Administrators
- Statutory duties of the Administrators
- Mitigation of the tax liability to the estate

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

No work which our staff normally do has been subcontracted during the periods of the report.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice including preparation and filing of appointment documentation in Scotland, providing validity of appointment advice, application to shorten the accounting period and extend the administration.	<ul style="list-style-type: none">• Burness Paull LLP	<ul style="list-style-type: none">• Scottish insolvency expertise	<ul style="list-style-type: none">• Time costs and disbursements <p>Total cost: £22,980.80</p>

Appendix E: Other information

Court details for the administration:	In the Court of Session, Edinburgh PI55/20
Company's registered name:	Cordant Technical Limited
Trading name:	Cordant Group
Registered number:	SC22 2281
Registered address:	Atria One, 144 Morrison Street, Edinburgh, United Kingdom, EH3 8EX
Date of the joint Administrators' appointment:	02 March 2020
Joint Administrators' names, addresses and contact details:	Rachael Maria Wilkinson PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading RG1 3JH Zelf Hussain, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT David Robert Baxendale, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
Extension(s) to the initial period of appointment:	12 month extension granted by the Secured Creditors to 1 March 2022 6 month extension granted by the Court to 1 September 2022
