In accordance with Rule 3.35 of the Insolvency (England & Wales) Rules 2016 & Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986

AM03
Notice of administrator's proposals

Companies House

MONDAY

A8YHMXER
A02 10/02/2020 #173
COMPANIES HOUSE

1 Company details

Company number	0 0 1 1 6 7 1 3
Company name in full	Clarity-Employment For Blind People

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

2 Administrator's name

Full forename(s)	Philip David
Surname	Reynolds

3 Administrator's address

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

4 Administrator's name ❶

Full forename(s)	Philip Lewis
Surname	Armstrong

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6	**Statement of proposals**	
	☑ I attach a copy of the statement of proposals	
7	**Sign and date**	
Administrator's Signature	Signature ✕ ✕	
Signature date	d0 d7 m0 m2 y2 y0 y2 y0	

AM03
Notice of Administrator's Proposals

Presenter information

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

Contact name	Lauren OConnell
Company name	FRP Advisory LLP
Address	2nd Floor
	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	
DX	cp.london@frpadvisory.com
Telephone	020 3005 4000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

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

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

FRP

Clarity-Employment For Blind People (In Administration)
The Administrators' Proposals

7 February 2020

Contents and abbreviations

FRP

The following abbreviations may be used in this report:

The Administrators	Philip David Reynolds and Philip Lewis Armstrong of FRP Advisory LLP
The Company	Clarity-Employment For Blind People (In Administration)
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
FRP	FRP Advisory LLP
HMRC	HM Revenue & Customs
The Insolvency Rules	The Insolvency (England and Wales) Rules 2016
QFCH	Qualifying floating charge holder
SIP	Statement of Insolvency Practice
ROT	Retention of Title
Weil	Weil, Gotshal & Manges (London) LLP
AMA	Accelerated mergers and acquisitions process

1. Introduction

On 31 January 2020, the Company entered administration and Philip David Reynolds and Philip Lewis Armstrong were appointed as Administrators.

This document, together with its appendices, forms the Administrators' statement of proposals to creditors in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules. The proposals are deemed delivered four business days after they are dated.

Certain statutory information about the Company and the administration is provided at **Appendix A**.

A sale of the business and assets of the Company was effected on 31 January 2020 to Clarity Products Limited by the Administrators. In accordance with SIP 16, the following information is set out in Appendix C:

- Background information regarding the Company;
- Full details of the events that resulted in the appointment of the Administrators and this transaction taking place; and
- Why it was considered to be in the overall best interest of the creditors of the Company.

2. Conduct of the administration

FRP

The objective of the administration

The Administrators believe that objective (a) of the administration, as detailed in Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, being to rescue the Company as a going concern, will not be achieved primarily due to the large deficit in the Company's pension scheme. As such, it is envisaged that objective (b) will be achieved, a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in administration).

I can confirm that the transaction detailed in **Appendix C** will enable the statutory purpose identified above to be achieved and that the sale price was the best reasonably obtainable in all the circumstances and was considered to be in the overall best interests of all creditors of the Company.

The Administrators' actions

The Administrators' actions to the date of the sale of the business and assets are set out in detail in the SIP16 statement set out at **Appendix C**

Details of work already undertaken or anticipated will be undertaken is set out in the schedule of work attached at **Appendix D.**

Following approval of the Administrators proposals the Administrators will continue to manage the affairs and business of the Company and conduct the Administration to achieve the purpose of the administration. Key matters to be undertaken include:

- Dealing with assets excluded under the terms of the sale as follows:
    - monitor the collection of the Company's book debts;
    - collection of Cash at Bank and the Investment Fund balance;
    - sale of a painting held by the Company via auction
- Liaising with Executor(s) and / or Personal Representative(s) of estates that have left legacies for the Company's benefit. The Administrators will take a neutral position with the identity of the appropriate recipient being a decision to be taken by the Executor and / or Personal representative in accordance with the deceased's wishes
- Liaising with the purchaser and the respective landlords with respect to the licences to occupy
- Hold the ROT creditor funds on Trust and liaise with the relevant parties to arrange the release of the funds in due course
- Investigate and, if appropriate, pursue any claims that the Company may have against any person, firms or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company
- Distribute realisations to preferential creditors where applicable
- Seek an extension of the administration if needed
- Ensure all statutory and compliance matters are attended to
- Pay all administration expenses and bring the administration to an end when deemed appropriate by the Administrators.

Receipts and Payments Account

A copy of the Administrators' receipts and payment account to date is attached as **Appendix B**. This shows the following:

- Receipt of the sale proceeds of £140k
- Receipt of rent of £15,001 with respect to the licences to occupy
- Receipt of approximately £22k held on Trust regarding any settlement of ROT claims, if applicable.

The directors' Statement of Affairs

The directors of the Company have been asked to submit a Statement of Affairs under paragraph 47 of Schedule B1 of the Insolvency Act 1986 and a copy of the Statement of Affairs is provided at **Appendix F.**

A contingent loan of £196,250 is disclosed in the Company's draft 2019 accounts. The Company received a permanent loan in 1982 to facilitate moving the factory location.

2. Conduct of the administration

The loan is conditional on the continuous provision of supported employment. The Administrators will look into this further post appointment as to whether this will now fall as an unsecured claim given that the employment of the staff was secured on sale.

Matters requiring investigation

The Administrators are required as part of their duties to establish what assets the Company owns and to consider the way in which the Company's business has been conducted.

They are also required under the provisions of the Company Directors Disqualification Act 1986 to report to the Secretary of State for Business Energy and Industrial Strategy on the conduct of the directors. If you have any information or concerns regarding the way in which the Company's business has been conducted, or have information regarding potential recoveries for the estate please contact me as soon as possible.

The end of the administration

The administration will end automatically after 12 months from the date of appointment of the Administrators. This period can be extended with consent of the creditors for up to 12 months or longer by application to the Court as required.

If the Administrators think the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate they will send a notice to the Registrar of Companies in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 to bring the administration to an end and three months after the filing of the notice the Company will be deemed to be dissolved.

If the Administrators are of the view that a dividend will become available to the unsecured creditors (other than by virtue of the prescribed part) it is appropriate for the Company to move from administration into CVL pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986. If applicable the Administrators will take steps to place the Company into CVL.

Should a dividend not become available to the unsecured creditors but it is still appropriate for the Company to enter liquidation, the Administrators will petition the Court pursuant to Paragraph 79 of Schedule B1 to the Insolvency Act 1986 for an order to bring the administration to an end with a consequential order for the compulsory winding up of the Company.

Pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986, should the creditors not nominate a Liquidator, the proposed Liquidators in a CVL are to be the Administrators or any successor office holder(s). Any act to be done by the Liquidators may be done by all or any one of them. Pursuant to Paragraph 83(7)(a) of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before these proposals are approved.

The Liquidators in a compulsory winding up will be appointed by the Court and may be the Administrators, or any successor office holder(s).

If the Administrators are of the view that it is appropriate for the creditors to consider the approval of a CVA the proposed supervisors are to be the Administrators or any successor office holder(s). Creditors may nominate different supervisors when considering whether to approve the CVA proposals.

Decision of creditors by correspondence

The Administrators are required to seek a decision from the Company's creditors under Paragraph 51 of Schedule B1 to the Insolvency Act 1986 on the following matters:

- Approval of the Administrators' proposals, with or without modifications; and
- The appointment of a creditors' committee.

The decision is being sought by means of voting by correspondence, in accordance with the Insolvency Rules.

2. Conduct of the administration

FRP

If, as a result of the vote, a creditors' committee is appointed, the following will require the determination of the creditors' committee:

- The basis of the Administrators' remuneration;
- Approval of the payment of the Administrators' disbursements for mileage costs;
- Approval of the Administrators' pre-appointment costs being met as an expense of the administration
- The approval of the Administrators' discharge from liability in accordance with Paragraph 98 of Schedule B1 to the Insolvency Act 1986.

If a creditors' committee is not appointed the above will be determined by the creditors.

To vote by correspondence creditors must have lodged a completed Proof of Debt form, which is considered by the Administrators and accepted for voting purposes, either in whole or in part, and return with the completed voting form by the decision date shown on that form. Creditors whose claims are wholly secured are not entitled to vote. A decision is made if, at the decision date, a majority in value of those who have responded have voted in favour. However, a decision is not made if those voting against it include more than half in value of creditors to whom notice of the vote by correspondence was sent and who are not connected with the Company. Notice of the decision will be sent to creditors after the decision date.

The Administrators must, however, summon a physical meeting if requested to do so by the required minimum number of creditors. The required minimum number is any one of the following:

- 10% in value of the creditors
- 10% in number of the creditors
- 10 creditors

The request must be made in writing within 5 business days of the date on which the notice of decision by correspondence is delivered, in accordance with the Insolvency Rules.

3. The Administrators' remuneration, disbursements and pre-appointment costs

FRP

Administrators' remuneration

A schedule of the work to be undertaken during the administration is set out at **Appendix D** together with an estimated outcome statement which includes an estimate of the expenses likely to be incurred by the Administrators. Assumptions made in preparing the summary of work, estimated expenses and the fees estimate where a time cost resolution is proposed are set out in the schedule of work.

The Administrators' remuneration will be drawn from the Company's assets and it is proposed that it will be charged by reference to the time incurred in attending to matters arising. Further details of how this will be calculated is set out below. The basis of the Administrators' remuneration has not yet been approved by creditors, and the Administrators have accordingly not drawn any remuneration in this case.

It is anticipated based on the level of assets identified to date in this matter that these costs will not be recovered in full and fees drawn will be restricted to the level of funds available.

Should the Company subsequently be placed into liquidation and the Administrators appointed as Liquidators, the basis agreed for the drawing of the Administrators' remuneration will also be that utilised in determining the basis of the Liquidators' remuneration, in accordance with the Insolvency Rules.

Remuneration charged by reference to the time incurred in attending to matters arising

The Administrators' remuneration, which is proposed to be charged by reference to time incurred, is set out on the fee estimate and the schedule of work attached at **Appendix D.** The time charged is based on computerised records capturing time charged by myself and my staff in dealing with the conduct of those aspect of the case being charged on a time cost basis. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and the experience required. Time is charged to the case in maximum units of six minutes.

Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters.

Charge out rates are reviewed at least annually, details of FRP's charge out rates are included at **Appendix D.**

Administrators' disbursements

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the administration of the Company, are paid by FRP at the HMRC approved mileage rate. It is proposed mileage is recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.

Pre-administration costs charged or incurred by the Administrators

The Company resolved to pay FRP the sum of £90,000 plus disbursements and VAT for assessing the Company's turnaround plan, reviewing the options available, implementing an AMA / pre – pack sale process and assisting with the placing of the Company into administration. This was paid prior to the Company being placed into Administration.

Attached at **Appendix E** is a statement of pre-administration costs charged or incurred by FRP, the Chattel and IP agents and solicitors.

All these costs have been settled, excluding Weil's outstanding legal costs of £53,837 plus disbursements and VAT.

In relation to Weil their advice to the Charity and its Trustees in the period leading up to the decision to pursue an accelerated sales process by way of a pre-packaged administration of £186,307 plus VAT was provided on a pro-bono basis as part of Weils Corporate Social Responsibility Programme to the charity. Weil have only

FRP

sought fees for their work directly related to the physical sales agreement to Clarity Products Limited and the administration order process.

The Administrators are seeking to obtain approval for the payment of this amount in accordance with the Insolvency Rules.

Creditors' ability to challenge the Administrators' remuneration and expenses

Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses under the Insolvency Rules following receipt of a progress report. Further details of these rights can be found in the Creditors' Guide to Fees which you can access by using the following link https://creditors.frpadvisory.com/info.aspx and select the one for administrations in England. Alternatively, a hard copy of the relevant guide will be sent to you on request.

4. Estimated outcome for the creditors

Estimated outcome statement

We attach at **Appendix D** an estimated outcome statement, which has been prepared from the information provided by the directors, included in their statement of affairs, advice received from professional valuers in connection with the value of the Company's assets, estimated sums due to creditors and an estimate of our remuneration and other expenses that may be incurred during the course of this administration.

The assumptions made in preparing the estimated outcome statement are set out in the schedule of work in **Appendix D**. We have also considered a wind down scenario for comparative purposes which would have resulted in a worse outcome for unsecured creditors due to the following:

- Lower anticipated recoveries from stock and debtors
- Additional trading costs to wind down the business over 8 weeks by retaining a skeleton staff
- Significant additional notice and redundancy claims for employees

Based on the information available to date and the assumptions made I set out below the anticipated the outcome for creditors:

Outcome for secured creditor

The Company does not have any registered fixed or floating charge debentures.

Outcome for preferential creditors

It is currently estimated that preferential creditors will total approximately £6k, being the employees' preferential element for unpaid pension contributions. It is anticipated that preferential creditors will be paid in full.

Outcome for unsecured creditors

Based on the assumptions made in the estimated outcome statement it is currently estimated that there will be sufficient funds available to make a distribution to unsecured creditors in due course. This distribution will be paid by a subsequently appointed Liquidator, the costs of the liquidation cannot at this stage be estimated and therefore it is not possible to estimate the level of distribution that may be made.

Prescribed part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10,000 and the cost of making a distribution to unsecured creditors would not be disproportionate to the benefits.

A prescribed part is not relevant because there are no holders of floating charges in this case.

Appendix A

Statutory information about the Company and the administration

FRP

Other trading names:	Clarity & Co
Date of incorporation:	8 July 1911
Company number:	00116713
Registered office:	2nd Floor, 110 Cannon Street, London EC4N 6EU
Previous registered office:	Unit 7, Highams Park Industrial Estate, Jubilee Avenue Highams Park, London E4 9JD
Business address:	Unit 7, Highams Park Industrial Estate, Jubilee Avenue Highams Park, London E4 9JD Unit 109, Victory Business Centre, Somers Road North, Portsmouth PO1 1PJ Unit 3C, 16 Southburn Road, Aidrie, ML6 9AD, Scotland
Directors:	Clive Jackson David Grace Judith Mellor Anja Sonsken Emma Kenelm
Shareholders:	Not applicable (Company Limited by Guarantee)

ADMINISTRATION DETAILS:

Names of Administrators:	Philip David Reynolds and Philip Lewis Armstrong
Address of Administrators:	FRP Advisory LLP 2nd Floor, 110 Cannon Street, London EC4N 6EU
Date of appointment of Administrators:	31 January 2020
Court in which administration proceedings were brought:	The High Court of Justice
Court reference number:	000730 of 2020
Date of notice of intention to appoint Administrators presented to Court:	Not applicable
Administration appointment made by:	Directors

Consent to the notice to appoint an Administrator provided by the qualifying charge holder was not relevant due to the Company holding no security.

Appendix A

Statutory information about the Company and the administration

The appointment of the Administrators included a declaration that they are acting jointly and severally as administrators of the Company in accordance with Paragraph 100 of Schedule B1 to the Insolvency Act 1986.

The EC Regulation on Insolvency Proceedings will apply in this matter and accordingly the administration will constitute main proceedings.

Extracts from the financial statements available are summarised below:

Period Ended	Statutory or Draft Accounts	Turnover £'000	Net expenditure from operations £'000	Cash Balance £'000	Investment Fund Balance £'000
31.03.19	Draft	2,805	(1,315)	173	1,106
31.03.18	Statutory	2,599	(792)	54	2,330
31.03.17	Statutory	2,770	(501)	1,120	1,718

Appendix B

Administrators' receipts & payments account

FRP

Clarity-Employment For Blind People
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 06/02/2020

S of A £		£	£
	ASSET REALISATIONS		
18,007.00	Goodwill and Intellectual Property	18,007.00	
1.00	Leasehold Properties	1.00	
34,000.00	Plant Equipment,IT,Fixtures and Fittin	34,000.00	
1,000.00	Painting	NIL	
87,992.00	Stock	87,992.00	
95,837.00	Book Debts	NIL	
189,871.00	Investment Fund	NIL	
281,806.00	Cash at Bank	NIL	
	Rent	15,001.00	
			155,001.00
708,514.00			**155,001.00**
	REPRESENTED BY		
	IB Current Floating		155,001.00
	IB Current Trust Account		21,513.00
	ROT trust funds		(21,513.00)
			155,001.00

FRP

Clarity-Employment For Blind People (in administration)
Disclosure to creditors in accordance with Statement of Insolvency Practice 16

7 February 2020

Contents and Glossary

FRP

Abbreviations

The following abbreviations are used in this document:

The Administrators	Philip David Reynolds and Philip Lewis Armstrong of FRP Advisory LLP
The Company or Charity	Clarity-Employment For Blind People (In Administration)
FRP	FRP Advisory LLP
CDDA86	The Company Directors Disqualification Act 1986
CVA	Company Voluntary Arrangement
RAA	Regulated Apportionment Arrangement
IA86	The Insolvency Act 1986
IP	Insolvency Practitioner
IR16	The Insolvency (England and Wales) Rules 2016
FRP	FRP Advisory LLP
NDA	Non-Disclosure Agreement
SIP	Statement of Insolvency Practice
CPL or the Purchaser	Clarity Products Limited
Weil	Weil, Gotshal & Manges (London) LLP
SKU	Stock Keeping Units
The Scheme	The Gwb 1971 Pension Scheme
DRCs	Deficit recovery contributions
PPF	Pension Protection Fund
tPR	The Pension Regulator
HAL	Hilco Appraisal Limited
MRICS	Member of the Royal Institution of Chartered Surveyors
Metis	Metis Partners
HOT	Heads of Terms
SPA	Sale Purchase Agreement

1. Introduction

FRP

To all known creditors

Following the appointment of the Administrators on 31 January 2020 we are required to provide the creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion in accordance with SIP 16.

I set out in this document full details of the sale and reasons behind the decision for this sale and why it was considered to be in the overall best interests of all creditors of the Company as a whole.

I can confirm that the transaction will enable the statutory purpose of the administration, to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), and that the sale price realised was the best reasonably obtainable in all the circumstances.

Should you require any further information regarding this report or the administration in general please contact Lauren O'Connell of my staff.

Yours faithfully
For and on behalf of
Clarity-Employment For Blind People

Philip David Reynolds
Joint Administrator
Licensed in the United Kingdom by the Insolvency Practitioners Association and bound by the Insolvency Code of Ethics

The Joint Administrators act as agents of the Company and without personal liability.

The affairs, business and property of the Company are being managed by Philip David Reynolds and Philip Lewis Armstrong who were appointed Joint Administrators on 31 January 2020

2. Statement of Insolvency Practice 16 – Pre-packaged sales in administrations

An overview for creditors

FRP

What is a SIP?

The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of IPs to particular aspects of insolvency practice. They apply in parallel to the prevailing statutory framework.

SIPs set principles and key compliance standards with which IPs are required to comply. Failure to observe the principles and/or maintain the standards set out in a SIP is a matter that may be considered by an IP's regulatory authority for the purposes of disciplinary or regulatory action in accordance with that authority's membership and disciplinary rules.

SIPs set out required practice, but they are not statements of the law or the obligations imposed by insolvency legislation itself.

What is a pre-packaged sale?

The term 'pre-packaged sale' refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the sale immediately on, or shortly after, appointment.

The particular nature of an IP's position in these circumstances renders transparency in all dealings of primary importance. Creditors and other interested parties should be confident that the IP has acted professionally and with objectivity; failure to demonstrate this clearly may bring the practitioner and the profession into disrepute.

What are the principles of SIP 16

The IP should differentiate the roles that are associated with an administration involving a pre-packaged sale.

Creditors should be provided with sufficient information such that a reasonable and informed third party would conclude that the pre-pack was appropriate and that the administrator has acted with due regard for the creditors' interests.

Key Compliance Standards

Preparatory work – the IP should be clear about the nature and extent of the role of adviser in the pre-appointment period. The IP should bear in mind the duties and obligations owed to both the company and the creditors in the pre-appointment period. The IP should keep a detailed record of the reasoning behind the decision to undertake a pre-packaged sale and all alternatives considered.

After appointment – the administrator should be able to demonstrate that the duties of an administrator have been considered.

Disclosure – the administrator should provide creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion. The following information should be included:

- Source of the initial introduction to the IP;
- Pre-appointment considerations;
- Marketing of the business and assets;
- Valuation of the business and assets; and
- Details of the transaction including the assets sold and the consideration received.

The SIP does not restrict an administrator from not disclosing information in certain limited circumstances in accordance with the IA86.

Further information

A copy of SIP 16 can be found from the following link https://creditors.frpadvisory.com/info.aspx.

3. Background information and events leading to appointment of the Administrators

Background information regarding the Company

- The Company is a registered charity and one of the UK's oldest social enterprises.
- The Company employed, trained and supported people with disabilities since 1854 (mainly visually impaired) and was incorporated in 1911.
- The Company manufactured luxury bath and beauty products as well as everyday cleaning and toiletry products, which were available online and in high street and national retailers.
- An overview of the Company's brands and products are as follows:
  - Clarity – A legacy brand (approximately 150 SKUs) with a product range including hand wash, bar soaps, shower gel, cleaning products and gift sets.
  - The Soap Co – Established in 2015 (approximately 55 SKUs) with a product range of handcrafted luxury bath and beauty products covering hand washes, lotions, shampoos, conditioners and bar soaps.
  - BECO - A new eco-ethical brand launched in 2018 (9 SKUs) with a product range made up of foaming handwashes, bar soaps and shampoo bars.
- The Company was rebranded in 2019 to Clarity & Co and employed a workforce of 85 people, of which 75% are predominantly blind, disabled or had a long-term health condition.
- The Company employed people who struggled to find work and helped to build their confidence and self-belief, as well as develop their skills.
- The Company traded from Higham's park in north east London with two telesales offices in Portsmouth and Airdrie.
- The Higham's Park site included a factory where all production was undertaken, a laboratory (for quality control and product development), a production team that managed the process as well sales and marketing, customer service, HR/employment support and finance functions

Historic Financial Performance

- Management advised that the Company had historically traded at a loss for over 20 years. The most recent draft statutory accounts showed an operating loss of £1.3m to 31 March 2019, a deterioration of £0.5m from the prior year.
- The Company had been utilising its investment funds ("Investment Fund") to cover losses, which became substantially exhausted.
- A summary of the last three years trading results along with the Investment Fund and cash balances are shown in Appendix A of the Proposals.
- The Company was forecast to make an operating loss of £1.0m for the financial year to 31 March 2020, which included the costs of an operational restructure. The Investment Fund had reduced to £189k as at December 2019.

Pension Scheme

- The Company is the sole employer supporting a defined benefit pension scheme, The Gwb 1971 Pension Scheme ("the Scheme").
- As at 31 March 2018 the Scheme had 149 members with 62 pensioners and 87 deferred members who have not yet taken their benefits.
- As the Scheme was in surplus in the 2016 valuation, deficit recovery contributions ("DRCs") were not required. However, the position of the Scheme deteriorated and a funding update as at 31 March 2018 showed a £0.9m deficit in the Scheme.
- It was therefore agreed that DRCs of £125k per annum from April 2018 would be made to the Scheme and increase to £150k per annum from April 2019. We are aware that the DRCs have continued to be paid to the Scheme.
- Early in 2019 the new chair of the Scheme Trustee became concerned regarding the financial position of the Scheme and met with the PPF to discuss these concerns.
- A funding update as at 1 April 2019 was prepared by the former Scheme Actuary, which reported a deficit of £1.3m in the Scheme.
- This deficit did not make any adjustment for a potential overstatement of the employer covenant or mortality assumptions. Therefore, once finalised the deficit and related DRCs were expected to increase further.

Events leading to the appointment of the Administrators

- In November 2019 management prepared various business plan scenarios and settled on a base case with a flat sales growth and an operational restructure.

3. Background information and events leading to appointment of the Administrators

FRP

- The short-term cash flow forecast showed that the Company's cash position would become negative in January 2020 and would therefore need to drawdown £300k from the Investment Fund, which had a balance of £498k in December 2019.
- The base case showed that the Company's cash flow forecast would become negative in July 2020, at which point the Investment Fund would be fully exhausted.
- It was apparent to the Trustees that professional advice would need to be sought and were provided with FRP's details by David Chubb of FRP, a former colleague of one of the Trustees.

Administrators' initial introduction and pre-appointment involvement

- Phil Reynolds first met with two of the Trustees of the Company concerning its financial affairs on 2 December 2019. At the meeting it was agreed that FRP would be instructed to present a report at a Trustees board meeting on 17 December 2019 covering the following:
    - Review of the Company's turnaround plan to assess the underlying viability of the business and identify both immediate and potential on-going funding requirements;
    - Review a wind down plan commenting on any areas of execution risk including consideration of the position of key stakeholders, including the pension scheme. To include discussion on appropriate closure steps;
    - Consider funding options available to the Company's including external funding sources and potential for asset sales or a sale of the business/merger and consider the impact of such options on the position of key stakeholders, including the pension scheme;
    - Consider pensions options available which may impact the viability of the Company and its funding need (to mitigate or settle the pension scheme liabilities);
    - Consider contingency options available to the Company and the timeline for their implementation including the impact on key stakeholders, including the pension scheme;
    - Charity Commission implications (in conjunction with legal advisors);
    - Comment on other relevant matters highlighted during the review; and;
    - Presentation of a report to the Trustees on 17 December 2019.

Trustees Board Meeting

- At the board meeting of Trustees on 17 December 2019 with FRP, various options were discussed, which predominantly centred around the Scheme, due to it being the largest creditor of the Company.
- The Scheme's Technical Provisions valuation as at April 2019 was estimated to be a deficit of £1.3m and the S179 liability as at the date of the last triennial valuation in April 2016 reported a deficit of £4.5m, which would equate to over 90% in total value of creditors.
- The options available in relation to addressing the Scheme deficit would be driven by the underlying viability of the operations of the Charity, the level of funding available and the amount of time available in which to execute any options.
- The viability decision would also need to reflect the increase of any PPF 'drift' (by the increase in the S179/PPF deficit over the passage of time as more Scheme members retire), which was estimated by the Scheme Trustee as being approximately £300k per annum.
- At the meeting the Trustees agreed:
    - to engage FRP to seek a purchaser for the business and assets of the Company via an AMA / Pre-Pack sale;
    - Metis Partners to value the Company's IP assets;
    - the engagement of a chattel asset valuer to appraise plant & machinery, inventory and fixtures & fittings; and
    - for FRP to consider contingency planning in the event a sale of the business did not materialise and an orderly winddown of the business was required.
- The AMA / Pre-Pack sale was chosen to preserve the charitable activities and was also considered to be the only option available to maximise value for creditors, preserve jobs and enable operations to continue.

Appointment of the Administrators

- Prior to our appointment as Administrators we are required to consider any ethical and conflict issues in relation to the appointment and provided we are satisfied that there are no matters arising that would preclude us consenting to act we must provide a statutory statement and consent to act in which any prior relationship between the proposed Administrators and the Company is summarised, this statement is subsequently filed in Court. Following our appointment as Joint Administrators our duty of care is to all the Company creditors.

- Philip David Reynolds and Philip Lewis Armstrong were duly appointed Administrators on 31 January 2020.

Purpose of the administration

- In accordance with Paragraph 3 of Schedule B1 to the IA86 an Administrator of a company must perform his functions with the objective of:
  a) Rescuing the Company as a going concern, or
  b) Achieving a better result for the Company's creditors as a whole than would have been likely if the Company were wound up (without first being in administration) or,
  c) Realising property in order to make a distribution to one or more of the secured or preferential creditors.
- Based on current information the purpose of the administration will be to achieve objective (b) a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in administration). It will achieve Objective (b) for the following reasons:
  - It preserves the business as a going concern and hence the jobs of employees, which transfer under TUPE on completion. Which in turn, avoids the increased creditor claims of employees (both preferential and unsecured), which would arise if the Company went into liquidation and the business ceased to trade.

Alternative courses of action considered

- Trade on - this option was discounted as management's cash flow forecast, which incorporated a restructure of the business operations, would still become negative in July 2020.
- Solvent sale - This was discussed and discounted due to the large deficit in the Scheme and the burden of the DRCs to any purchaser, along with the high level of working capital requirements / restructure costs to enable the business to reach a breakeven position.
- CVA - Restructuring tools such as a Company Voluntary Arrangement ("CVA") or Regulated Apportionment Arrangement ("RAA") can be utilised to compromise an employer's liability to its pension scheme. In this scenario the implementation of a CVA or RAA would require the support of tPR and PPF with one of the main criteria of any support being the on-going viability of Charity being demonstrated. In addition, an up-front lump sum payment is usually required either through investment from a third party or realisation of assets. Considering the above and the timescales required to implement these options (a minimum of 2-3 months) this option was discounted.

Post appointment administration trading considerations

- The business was loss making (approximately £25k per week) and trading the Company whilst in Administration would have required utilising the remaining funds from the Company's Investment Fund from January 2020.
- Due to the nature of the customers, trading whilst in Administration would potentially damage goodwill, in particular brand values.
- Any reduction in the Company's assets would be to the detriment of the Scheme, as the largest creditor in a potential insolvency process.

Consultation with major creditors

Secured Creditors

- The Company does not have any registered fixed or floating charge debentures.

Pension Scheme

- The largest creditor is the Scheme with an estimated S179 liability of £4.5m as per the last triennial in April 2016. This being greater than 90% of total creditors of the Company.

3. Background information and events leading to appointment of the Administrators

- The chair of Trustees for the Scheme, was made aware of FRP's involvement and provided with both engagement scopes, along with a copy of FRP's presentation to the Trustees on 17 December 2019.
- The chair of Trustees for the Scheme was also provided weekly short-term cash flow forecasts prepared by management and was kept up to date throughout the process via weekly catch up calls with FRP and the Scheme Trustees.

Previous acquisitions from an IP

- Not Applicable.

4. Pre-appointment considerations

FRP

Marketing activities undertaken

- Due to the nature of the business, cash flow constraints and creditor pressure (principally the Scheme), it was agreed with the Trustees and management that a targeted period of marketing would be undertaken to establish the level of interest.
- On 18 December 2019 the following timeframe was agreed with the Trustees and management:
  - Initial face to face meetings to be conducted immediately;
  - Serious expressions of interest as soon as possible but by the latest Friday 17 January 2020; and
  - Transaction to be completed by 31 January 2020.
- A list of potential interested parties was generated by the Trustees, management and FRP.
- 84 parties were identified and contacted by either FRP or management through a direct link or via their network.
- A teaser document was created and circulated to parties on 24 December 2019 and a data room was setup.
- On 7 January 2020 FRP circulated the teaser document to 472 parties on FRP's database of interested parties in manufacturing businesses. A total of 46 parties accessed the data room.
- Numerous meetings, conference calls and follow up conversations were held with parties by management and/or FRP with additional documentation uploaded to the data room when requested.

Valuation of assets

- The tangible assets of the Company were independently valued by Peter Atkinson MRICS from Hilco Appraisal Limited ("HAL").
- A valuation report was obtained on 9 January 2020 and was undertaken in accordance with the RICS Valuation Global Standards 2017, which incorporates the IVSC International Valuation Standards.
- HAL's report valued the Company's machinery and business assets (P&M, F&F and IT) at £99k on an in-situ basis and £34k on an ex-situ basis.
- HAL's report valued the Company's stock (including raw material, finished good and packaging) at £400k on an in-situ basis and £75k on an ex-situ basis.
- HAL confirmed it holds the relevant qualifications, its independence and that it has appropritae levels of professional indemnity insurance.
- Metis Partners ("Metis") were instructed by FRP, following approval from the trustees of the Company, to value the Company's IP assets (brands). The valuation from Metis Partners dated 15 January 2020 reported the Company's IP assets to be in the range of £23k - £48k on an in-situ basis and £18k - £23k on an ex-situ basis.
- The Metis team led by Stephen Robertson confirmed that they have the relevant qualifications, are independent and carry appropriate levels of professional indemnity insurance.

Offers received and further negotiations

- The three independent offers received for the business and assets were discussed with the Trustees and management at a board meeting on 20 January 2020 (conference call). The offers could be summarised as follows:

Offer 1 - Clarity Products Limited ("CPL")

- An offer of £150k by a trade entity with cash consideration on completion.
- The offer was attractive for the following reasons:
  - offer was for the whole of the business;
  - no deferred consideration; and
  - the party had experience of buying distressed businesses and appeared credible to complete within timeframe.

Offer 2

- An offer of £150k via a charitable entity with cash consideration on completion.
- This offer was attractive for the following reasons:
  - prepared to provide a non – refundable deposit of £50k;
  - backed by a high net worth individual that could support the business with the required working capital funding; and
  - the party was already aware of the Company and its products and brands for the past 5-6 years.

Offer 3

- An offer of £170.5k via a charitable entity with cash consideration on completion.
- The offer was attractive for the following reasons:
  - largest offer for the business and assets;
  - the purchaser would be a Community Interest Company; and
  - the purchaser was a well-known social entrepreneur.

Insurance offer

- Phil Reynolds advised the Trustees that another party had shown interest in making an offer, in the event no sale could be agreed with another party, to protect employment.

Negotiations

- The Trustees discussed the party that they preferred to proceed with and unanimously agreed to accept Offer 2 for the following reasons:
  - a £50k non-refundable deposit demonstrated commitment;
  - acquiring through a charitable entity, with its vision and commitment to social impact appearing to be in line with the Company's strategy; and
  - the proposed purchaser appeared to have the ability to bring in management resources and to expand the business' distribution network.
- Accordingly, to progress offer 2, a request to the proposed purchaser to provide a non-refundable deposit of £50k and to agree the heads of terms ("HoT"), which they had already received, was made on 20 January.
- On 25 January, the proposed purchaser withdrew from the process following concerns raised during additional due diligence, surrounding GDPR (transfer of customer details) and health & safety concerns.
- The other two parties were then approached by FRP to confirm whether they were still interested in acquiring the business and assets of the Company.
- It was agreed by the Trustees that the two parties should be requested to provide their best and final offer, signed HoT and a £50k non-refundable deposit by midday on 28 January 2020. This deadline was then extended to 4pm on 28 January 2020.

Offer 1 (CPL)

- CPL's offered £140k, which had reduced by £10k due to the lapse in time in accepting the original offer.
- No signed HoT had been received, however an undertaking has been provided to their solicitor, which referred to the HoT and only required the HoT to be signed and returned by the Company to be accepted.

Offer 3

- Following further due diligence the party reduced the offer to £50k and included additional terms unconnected to the HoT circulated. Shorlty before the 4pm deadline, the £50k offer was revised to agree with the HoT circulated and the removal of the additional terms.

4. Pre-appointment considerations

FRP

- The Trustees then discussed and agreed (four agreeing and one abstaining) to proceed with Offer 1 from CPL for the following reasons:
  - offer was £90k greater, thus a better return to creditors;
  - CPL had been consistent and meet deadlines throughout the process;
  - CPL had already engagement a solicitor to review the SPA and would be able to complete on 31 January 2020;
  - the other party had not viewed the SPA and had engaged a new solicitor;
  - the other party (Offer 3) had amended their offer and had included additional terms to the sale, unconnected to the HoT; and
  - concerns with the other party's ability to fund working capital requirements following any acquisition via loans and/or grants.
- The day before the scheduled completion date with CPL on 31 January 2020, a revised offer was received from the other party (Offer 3) for £145k.
- This was assessed by the trustees and it was decided to proceed with the sale to CPL for the following reasons:
  - CPL's solicitors had already received, reviewed and agreed material changes to the SPA with Weil and were in a strong position to complete on 31 January 2020.
  - The extra £5k sales consideration had minimal benefit to creditors compared to the risks associated of both offers falling away if the deadline was extended further.

The Transaction

- The sale of the business and assets of the Company was completed on 31 January 2020.
- The purchaser is Clarity Products Limited.
- Clarity Products Limited is a company specially formed to acquire the Company. It is part of MEWA, a South African-based specialist engineering group founded by Cecil Marks in the early part of the last century, and Nicholas Marks, the founder's grandson, is currently Clarity Products Limited's sole director.
- The purchaser has been independently advised by Lewis Silkin.
- Niether Clarity Products Limited nor Nicholas Marks are related to the trustees/directors of the Company.
- No trustees/directors (present or former) of the Company are involved with the management, financing or ownership of the purchasing entity.

Assets

- The transaction is a going concern sale of the goodwill and assets, which comprise the Company's:
  - IP, trade names, brands and logos;
  - plant & machinery and fixture & fittings; and
  - stock.
- The following assets are excluded from the SPA:
  - **Book debts:** approximately £163k as at 31 January 2020. These will be collected with the assistance of the Purchaser at a 5% commission.
  - **Painting:** an asset held by the Company that HAL has valued at approximately £1k and is to be sold at auction.
- The purchaser will be responsible for the resolution of any potential ROT claims, estimated to be in the region of £22k.
- A sum of £22k has been deposited by the Purchaser into a Trust account held by the administrators and will be released as and when the Purchaser can verify that all potential ROT claims have been resolved.

4. Pre-appointment considerations

FRP

- The Purchaser has been granted a six month licence by the administrators to occupy the three lease hold properties in London, Portsmouth and Scotland.
- A sum of £25k is due to be received from the Purchsser for rent due on the three properties as at the date of appointment.

Sale consideration

- Consideration of £140k was paid on completion. This is broken down in the SPA as follows:
  - Business Contracts, £1;
  - Chattels, £34,000;
  - Data, £1;
  - Goodwill, £1;
  - Intellectual Property Rights, £18,000;
  - Leasehold Properties, £ 1;
  - Open Orders, £1;
  - Rights of Action, £1;
  - Sales Information, £1;
  - Software Licences, £1; and
  - Stock, £87,992.

Pre-pack pool consultation and viability review

- The sale was not a connected party and, therefore, this section does not apply.

Appendix D

The Administrators' remuneration, disbursements and costs information

FRP

Clarity - Employment For Blind People - In Administration
Estimated Outcome Statement As At 31 January 2020

	Book Values ("BV") £	CPL Offer £	Wind Down £
Assets			
Goodwill and Intellectual Property	-	18,007	18,000
Investments	100	-	-
Leasehold Property	194,549	1	-
Plant Equiment / IT / Fixtures and Fittings	91,520	24,000	24,000
Painting	-	1,000	1,000
Stock	424,127	67,992	75,000
Debtors	162,698	95,837	71,878
Sundry Debtors	8,636	-	-
Legacies Income	-	-	-
Cash at Bank	281,806	281,806	281,806
Investment Fund	189,871	189,871	189,871
Prepayments	5,992	Uncertain	Uncertain
	1,359,200	708,514	671,555
Professional Costs			
Legal Pre - administration costs	-	(53,887)	(53,537)
Legal Fees and Disbursements	-	(10,000)	(10,000)
Administrators' Fees and Disbusements	-	(80,265)	(80,255)
8 weeks wind - down costs	-	-	(55,000)
Commission on debtors	-	(4,792)	(3,594)
General Expenses	-	(2,500)	(2,500)
	-	(151,444)	(205,246)
Available to Preferential creditors	1,359,200	557,070	466,310
Less: Preferential Creditors	(5,894)	(5,894)	(26,894)
Available to Unsecured Creditors	1,353,307	551,177	439,416
Unsecured Creditors:			
Trade Creditors	(133,827)	(133,827)	(133,827)
HM Revenue & Customs	(43,498)	(43,498)	(42,498)
Landlord	(10,929)	(10,929)	(10,929)
DSO Commission / Settlement	(468,000)	(468,000)	(468,000)
Notice & Redundancy Pay	-	-	(404,000)
Contingent Loan	(196,000)	(196,000)	(196,000)
Pension Scheme	(4,469,000)	(4,469,000)	(4,469,000)
Defecit to unsecured creditors	(3,967,946)	(4,770,077)	(5,285,837)
Available to shareholders	(3,967,946)	(4,770,077)	(5,285,837)
Called Up Share Capital	-	-	-
Surplus / shortfall to Equity	(3,967,946)	(4,770,077)	(5,285,837)

Appendix D

The Administrators' remuneration, disbursements and costs information

FRP

Clarity-Employment For Blind People (IN ADMINISTRATION)

Schedule of Work

The table below sets out a detailed summary of the work undertaken by the office holder to date and details of the work it is anticipated will be undertaken by the office holder throughout the duration of this assignment. Details of assumptions made in compiling this table are set out below. The fee basis for the different categories or work are set out in this table together with an estimate of the estimated fee for each category of work where this can be estimated.

Where the fee basis proposed is time costs, further details of the estimated time costs to be incurred are set out in the fee estimate accompanying this schedule.

GENERAL ASSUMPTIONS IN COMPILING THIS SCHEDULE OF WORK
• The records received are complete and up to date • There are no matters to investigate or pursue • No financial irregularities are identified • A committee of creditors is not appointed • There are no exceptional queries from stakeholders • Full co-operation of the directors and other relevant parties is received as required by legislation • There are no health and safety or environmental issues to be dealt with • The case will be closed within 2 years

Note	Category		
1	**ADMINISTRATION AND PLANNING** **Work undertaken to date**		**ADMINISTRATION AND PLANNING** **Future work to be undertaken**
	General matters		**General matters**
	Necessary Administrative and Strategy Work. Preparation of post appointment statutory documentation and completing internal compliance procedures. Identifying and securing all relevant records required for the ongoing administration processes.		Regularly reviewing the conduct of the case and the case strategy and updating as required as required by the insolvency practitioners' regulatory professional body to ensure all statutory matters are attended to and to ensure the case is progressing. This aids efficient case management. Cancelling insurance cover over assets as they are realised to control insurance costs.
	Regulatory Requirements		
	Completion of money laundering risk assessment procedures and Know your client checks in accordance with the Money Laundering Regulations. Completion of take on procedures which include consideration of professional and ethical matters and other legislation such as the Bribery Act, Data Protection Act. In addition to the above take on procedures to consider if there are any other case specific matters be aware of prior to or on appointment, for example health and safety; environmental concerns; particular licences or registrations; tax position; social media; profile of the client or its stakeholders.		Ongoing adherence to Money Laundering Regulations and other regulations specific to the Company.

	Case Management Requirements		
	Determine case strategy and to document this. Setting up and administering insolvent estate bank accounts throughout the duration of the case. Assisting the directors where needed in producing the Company's Statement of affairs. Compiling a forecast of the work that has been or is anticipated will be undertaken throughout the duration of the case, circulating this to creditors together with other such documentation as required to enable the relevant approving creditors to assess and vote on the fee bases proposed. Arranging for insurance on the assets in the estate. Correspondence with the former advisors to the Company requesting third party information to assist in general enquiries. Assisting the directors where needed in producing the Company's Statement of Affairs.		Continue to monitor and document any proposed changes of strategy and implementation thereof. Ensuring bank accounts are regularly reconciled to produce accurate and timely reports to all creditors when required. Processing and recording of all the receipts and payments throughout the appointment on IPS and providing internal and external reports as required.
2	**ASSET REALISATION** **Work undertake to date**		**ASSET REALISATION** **Future work to be undertaken**
	Instructed agents to provide a valuation of the business and assets. The business and assets were sold to Clarity Products Limited via a pre-packaged sale. Further detail relating to the sale and the consideration can be found at **Appendix C** of this report. Collecting funds from the sale of the business.		Monitor debt collection. Informing Executor(s) and / or Personal Representative(s) of estates that have left legacies for the Company's benefit. The Administrators will take a neutral position with how the actual beneficiary of the legacy will be determined by the Executor and / or Personal representative of the Estate.

	Arrange collection of painting for sale at auction. Writing to Bank and Manager of Investment Fund requesting collection of credit balances.		
3	**STATUTORY COMPLIANCE AND REPORTING** **Work undertaken to date**		**STATUTORY COMPLIANCE AND REPORTING** **Future work to be undertaken**
	The Administrators are required to provide creditors with the proposals for the conduct of the Administration for approval by creditors in accordance with legislation. Completion of the SIP 16 report to be enclosed with the proposals. To obtain creditor approval for the basis on which the office holder's fees will be calculated. To calculate and protect the value of assets that are not subject to a charge by obtaining a bond to the correct level. Advertising notice of the office holders' appointment as required by statute. Take appropriate action to notify all the relevant parties of the appointment regarding the pension schemes and appoint independent trustees if required. Notifying the UK and Scottish charity commissions of the appointment. Dealing with all appointment formalities including notification to the relevant parties, filings with the Court, the Registrar of Companies and statutory advertising. Notifying creditors of their right to establish a creditors committee.		To provide a statutory reports to various stakeholders at regular intervals and manage any queries arising therefrom. Copies of these reports are required to be filed at Registrar of Companies. To place legal advertisements as required by statute which may include formal meetings of creditors and notices to submit claims Dealing with post appointment VAT and or other tax returns as required. Working with the creditors' committee, if formed. To deal with statutory requirements in order to bring the administration to a close either by dissolution or moving the Company to liquidation (whether voluntary or compulsory) and for the Joint Administrators to obtain their release from office. This will include the preparation of further progress and/or final reports for all known creditors and filing the relevant documentation with the Registrar of Companies.

4	**INVESTIGATIONS** **Work undertaken to date**		**INVESTIGATIONS** **Future work to be undertaken**
	The Joint Administrators have a duty to review the books and records and other information available to identify the assets that may be available to realise for the benefit of the insolvency estate. Furthermore there may be other antecedent or voidable transactions that are identified which if pursued could swell the funds available for the insolvency estate. All directors, that held office within 3 years of the insolvency, have been contacted and requested to complete a questionnaire to assist in preparing a statutory report to the Department of Business, Energy and Industrial Strategy ("DBEIS") in accordance with the Company Directors Disqualification Act 1986 ("CDDA").		To review all questionnaires, bank statements and records in preparation for the report to DBEIS. Considering information provided all stakeholders that might identify further assets or lines or enquiry for the office holder to explore if benefit to the estate is possible. Consideration of whether any matters have come to light which require notification to the Secretary of State or National Crime Agency.
5	**CREDITORS** **Work undertaken to date**		**CREDITORS** **Future work to be undertaken**
	Contacting all known creditors and suppliers in order to advise of appointment and provide proof of debt forms to enable claims to be lodged. Correspondence with unsecured creditors including responding to queries via telephone and email.		The Pension Schemes: To provide regular updates to the relevant stakeholders of the schemes. Preferential creditors: If sufficient funds are available to make a distribution to preferential creditors the office holder will agree claims, pay a distribution after making such deductions as necessary to settle any tax liabilities on the distribution. Unsecured creditors: If sufficient funds are available to make a distribution to the unsecured creditors the office holder will write to all known creditors to notify of the possibility of a distribution and requested submission of claims.

			As required the office holder will advertise for claims and adjudicate on them if there are sufficient funds to make a distribution, either agreeing or rejecting, in full or in part. There is a statutory time limit to enable creditors whose claims have been rejected to appeal, once this time limit has passed the office holder will make a distribution to creditors. HMRC claims: Liaising with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate. Reservation of title: Monitoring Trust account and funds will be released as and when the Purchaser can verify that the ROT claims have been resolved. Properties: Liaising with the purchaser and the landlords to ensure the terms of the licences to occupy are adhered to.
6	**LEGAL AND LITIGATION** **Work undertaken to date**		**LEGAL AND LITIGATION** **Future work to be undertaken**
	Liaising with solicitors immediately following appointment to conclude the sale process.		To obtain advice on post appointment matters, where applicable.

Appendix D

The Administrators' remuneration, disbursements and costs information

FRP

FRP ADVISORY LLP ("FRP")

	£/hour
Appointment taker/Partner	495-595
Managers/Directors	385-495
Other Professional	225-340
Junior Professional/Support	150-195

Time costs are maintained on computerised records of all time spent on the administration of each case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in six minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP charge out rates applicable to this assignment are set out above.

Further information can be found in the Creditors' Guide to Fees which you can access using the following link http://www.frpadvisory.com/fees-guide.html. Alternatively, a hard copy of the relevant guide will be sent to you on request.

On occasions it may be necessary to change the rates applicable to the work undertaken and if this occurs during the period of the assignment this will be notified to creditors as part of the normal reporting procedures.

DISBURSEMENT POLICY

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

There are two types of disbursements; direct disbursements (known as Category 1) and indirect disbursements (known as Category 2).

Category 1 disbursements:

These are payments to independent third parties where there is specific expenditure directly referable to the appointment in question, these include but are not limited to such items as case advertising, storage, bonding, searches, insurance, licence fees.

Category 1 disbursements can be drawn without prior approval

Category 2 disbursements

These are expenses that are directly referable to the appointment in question but not to a payment to an independent third party. With the exception of mileage FRP do not charge category 2 disbursements.

Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP at the HMRC approved mileage rate prevailing at the time the mileage was incurred, at the time of this report this is 45p per mile.

Category 2 disbursements require prior approval in the same manner as an office holder's remuneration.

Clarity - Employment For Blind People (in Administration)
Joint Administrators' fee estimate as at 7 February 2020

Activity	Total Hours	Total Cost (£)	Average hourly rate £
ADMINISTRATION	37.0	12,815	346
ASSET REALISATION	44.0	15,600	355
STATUTORY COMPLIANCE AND REPORTING	59.0	21,375	362
TRADING	6.0	2,190	365
INVESTIGATION	22.0	8,010	364
CREDITORS	52.0	17,620	339
LEGAL AND LITIGATION	7.0	2,655	379
TOTAL	227.0	80,265	

Hourly Charge out rates:	£
Appt taker/partner	450-545
Managers/directors	340-465
Other professional	200-295
Junior Professional/support	125-175

The above fee estimate is based on the assumptions contained in the accompanying schedule of work.

The office holder anticipates that it will not be necessary to seek further approval.

Time costs are maintained on computerised records of all time spent on the administration of each case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in maximum of six minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP Advisory's charge out rates applicable to this assignment are set out above.

Appendix E

Schedule of pre-administration costs

	Note	Fees Charged (£)	Expenses Incurred (£)
FRP Advisory LLP ("FRP")	1	90,000.00	54.80
Hilco Appraisal Limited ("HAL")	2	5,181.07	-
Metis Partners ("Metis")	3	7,500.00	-
BDB Pitmans ("BDB")	4	2,200.00	-
Weil, Gotshal & Manges (London) LLP ("Weil")	5	53,837.00	50.00
Amounts paid		(104,881.07)	(54.80)
Unpaid pre-administration costs for which approval is being sought		53,837.00	50.00

Notes

1. FRP were engaged by the Company pursuant to the terms of the engagement letters dated 6 December 2019 and 18 December 2020. The Administrators have incurred pre- appointment costs of £151,463 plus disbursements and VAT (366 hours at an average hourly rate of £414). FRP have been paid £90,000 plus VAT and will not seek to recover the outstanding balance of £61,463 plus VAT as an expense of the administration. Full details of the work undertaken by FRP is set out at Appendix C.

2. HAL visited the premises and completed a valuation report dated 9 January 2020 of the Company's machine and business assets together with the Company's stock.

3. Metis provided a valuation report of the Company's IP assets (its brands) dated 15 January 2020.

4. BDB compiled a Serious Incident report, which was submitted to the Charity Commission advising of the financial difficulties being experienced in order that the Trustees could fulfil their statutory duties.

5. In relation to Weil their advice to the Charity in the period leading up to the decision to pursue an accelerated sales process by way of a pre-packaged administration of £186,307 plus VAT was provided on a pro-bono basis as part of Weils Corporate Social Responsibility Programme to the Charity. Weil have only sought fees of £53,837 plus disbursements and VAT for their work on the physical sales agreement to Clarity Products Limited and the administration order process.

Appendix F

Directors' Statement of Affairs

Prepared in accordance with Rules 3.30 and 3.35 of the Insolvency (England and Wales) Rules 2016

Statement of Affairs

Statement as to affairs of

Clarity – Employment For Blind People (In Administration)

on the 31 January 2020, being a date not more than 14 days before the date of the resolution for winding up

Statement of truth

I believe that the facts stated in this Statement of Affairs are true.

Full Name [illegible]

Signed [illegible]

Dated 6/7/20

Clarity – Employment For Blind People
Statement Of Affairs as at 21 March 2019

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to floating charge:		
Goodwill and Intellectual Property	Nil	18,007
Investments	100	Nil
Leasehold Property	194,549	1
Plant Equipment / IT / Fixtures & Fittings	91,520	34,000
Painting	Nil	1,000
Stock	424,127	87,992
Debtors	162,698	95,837
Sundry Debtors	8,636	Nil
Legacies Income	Nil	Nil
Cash at Bank	281,806	281,806
Investment Fund	189,871	189,871
Prepayments	5,992	Nil
Estimated total assets available to preferential creditors	**1,359,200**	**708,514**

Signature [illegible] Date 6/7/20

Clarity – Employment For Blind People
Statement Of Affairs as at 31 January 2020

A1 - Summary of Liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)	708,514
Liabilities	
Preferential Creditors:-	(5,894)
Estimated deficiency/surplus as regards preferential creditors	702,620
Estimated prescribed part of net property where applicable (to carry forward)	Nil
Estimated total assets available for floating charge holders	702,620
Debts secured by floating charges post 14 September 2003	Nil
Estimated deficiency/surplus of assets after floating charges	702,620
Estimated prescribed part of net property where applicable (brought down)	Nil
Total assets available to unsecured creditors	702,620
Trade Creditors	(133,827)
HM Revenue & Customs	(43,498)
Landlord	(10,929)
DSO Commission / Settlement	(468,000)
Contingent Loan	(196,000)
Pension Scheme	(4,469,000)
Unsecured Creditors	**(5,321,254)**
Estimated deficiency/surplus as regards unsecured creditors	**(4,618,634)**
Available to shareholders	**(4,618,634)**
Called up share capital	Nil
Estimated total deficiency/surplus as regards members	**(4,618,634)**

Signature C Jones Date 6/7/20

FRP Advisory LLP
Clarity-Employment For Blind People
Company Registered Number: 00116713
B - Company Creditors

Key	Name	Address	£
CA00	A & A BUSINESS SUPPLIES LTD	UNIT 21 CITY INDUSTRIAL PARK, SOUTHERN ROAD, SOUTHAMPTON, HAMPSHIRE, SO15 1HA	151.50
CA01	AQUAID SOUTH COAST	UNIT 6 BROOKWOOD IND ESTATE, BROOKWOOD AVENUE, EASTLEIGH, HAMPSHIRE, SO50 9EY	79.48
CA02	AROMATIC FLAVOURS & FRAGRANCES	AFF HOUSE, STATION ROAD, ELMSWELL, BURY ST EDMUNDS, SUFFOLK, IP30 9HD	810.00
CA03	AVICA UK LTD	40 CAXTON WAY, WATFORD, HERTFORDSHIRE, WD18 8QZ	161.16
CB01	BRENNTAG UK LIMITED	ALBION HOUSE RAWDON PARK, GREEN LANE, YEADON, LEEDS, SOUTH YORKSHIRE, LS19 7XX	440.43
CC00	CALLAWAY & SONS LTD	56 NEW WRITTLE STREET, CHEMLSFORD, ESSEX, CM2 0SE	0.05
CC01	CAMBRIAN CONTAINERS	32 MOCHDRE INDUSTRIAL ESTATE, MOCHDRE LANE, NEWTOWN, POWYS, SY16 4LE	1,928.78
CC02	COMMUNITY		117.22
CC03	CONNECT PACKAGING LTD	CBS HOUSE, BRANDON WAY, WEST BROMWICH, STAFFORDSHIRE, B70 8JF	3,066.29
CD00	DATAR CONSULTANCY	38 WELFORD ROAD, WOODLEY, READING, BERKSHIRE, RG5 4QS	1,197.00
CE00	EPACKING [BIOPACK & LOGISTICS BVBA]	Business area Konijnenbos A2, Konijnenboslaan 21, GISTEL, B-8470	189.05
CE01	ERIKS HOSE TECHNOLOGY LTD	692-693 STIRLING ROAD, SLOUGH, BERKSHIRE, SL1 4ST	164.10
CE02	EUROPEAN FLAVOURS & FRAGRANCES	FACTORY UNIT, MARSH LANE, WARE, HERTFORDSHIRE, SG12 9QB	543.00
CE03	EXPRESS VENDING LIMITED	1 FINWAY ROAD, HEMEL HEMPSTEAD, HERTFORDSHIRE, HP2 7PT	1,700.48
CF00	FISHER SCIENTIFIC	BISHOP MEADOW ROAD, LOUGHBOROUGH, LEICESTERSHIRE, LE11 5RG	45.18
CH02	HEAVEN SCENT	THE WHARF, FROME ROAD, BRADFORD-UPON-AVON, WILTSHIRE, BA15 1LE	22,084.60
CI00	INDUSTRIAL PRINTER SERVICE	7 TREGANTLE WALK, NYTHE, SWINDON, WILTSHIRE, SN3 3PF	143.40
CI01	ISCA UK LTD	NINE MILE POINT INDUSTRIAL ESTATE, CROSSKEYS, NEWPORT, GWENT, NP11 7HZ	195.00
CJ00	J.W.R.HOLDINGS LTD	52 SOUTHBURN ROAD, AIRDRIE, LANARKSHIRE, ML6 9AD	520.01
CK00	KTEC TECHNOLOGIES LTD	93B HEMING ROAD, WASHFORD IND EST, REDDITCH, WORCESTERSHIRE, B98 0EA	381.60
CL00	LABEL APEEL	BO HOUSE, 17 PINFOLD ROAD, THURMASTON, LEICESTER, LEICESTERSHIRE, LE4 8AS	2,265.94
CL01	LABEL MAKERS	PRINCE STREET, BRADFORD, WEST YORKSHIRE, BD4 6HQ	68.93
CL02	LANDOR CARTONS LTD	45 DEVON STREET, BIRMINGHAM, WEST MIDLANDS, B7 4SL	1,371.68
CL03	LT BALDWIN TRANSPORT LTD	18 CROMWELL INDUSTRIAL ESTATE, STAFFA ROAD, LONDON, GREATER LONDON, E10 7QZ	3,636.92
CL04	LYRECO UK LTD	DEER PARK COURT, DONNINGTON WOOD, TELFORD, SHROPSHIRE, TF2 7NB	584.59

Signature C Jones 6/2/20

FRP Advisory LLP
Clarity-Employment For Blind People
Company Registered Number: 00116713
B - Company Creditors

Key	Name	Address	£
CM00	MANUTAN UK LTD	BLACK MOOR ROAD, EBBLAKE INDUSTRIAL ESTATE, VERWOOD, BH31 6AT	58.80
CM01	MPM2 LTD	UNIT 7, MOUNTBATTEN PLACE, ELLIS SQUARE, SELSEY, WEST SUSSEX, PO20 0AY	7,980.00
CN00	NEXUS PACKAGING	Nexus House, Wilson Business Park, 1 Queen Elizabeth Ave, Hillington Park, Glasgow, G52 4NQ	2,299.68
CN01	NORTH LANARKSHIRE COUNCIL	FINANCE & CUSTOMER SERVICES, PO BOX 9060, CIVIC CENTRE, MOTHERWELL, NORTH LANARKSHIRE, ML1 1SH	36.08
CP00	PANSPERMIA MICROBIOLOGY	A1 MILDMAY INDUSTRIAL ESTATE, FOUNDARY LANE, BURNHAM ON CROUCH, ESSEX, CM0 8SH	1,206.00
CR00	RAJAPACK	UNIT 1, MARSTON GATE, RIDGMONT, BEDFORD, BEDFORDSHIRE, MK43 0YL	1,019.52
CR01	ROMA INTERNATIONAL	LADY LANE INDUSTRIAL ESTATE, HADLEIGH, SUFFFOLK, IP7 6BQ	9,360.00
CR02	ROYAL MAIL GROUP LTD		6,583.70
CS00	SAFIC-ALCAN UK LIMITED	812 FOUNTAIN COURT, BIRCHWOOD BOULEVARD, WARRINGTON, CHESHIRE, WA3 7QZ	642.90
CS01	SCHULKE & MAYR UK LTD	CYGNET HOUSE, 1 JENKIN ROAD, MEADOWHALL, SHEFFIELD, SOUTH YORKS, S9 1AT	1,432.80
CS02	SIEMENS FINANCIAL SERVICES LIMITED	SEFTON PARK, BELLS HILL, STOKE POGES, BUCKINGHAMSHIRE, SL2 4JS	1,049.12
CS03	SILVER LINING CONVERGENCE LTD	THE GRANARY, WHITELEY LANE, SEGENSWORTH, FAREHAM, HAMPSHIRE, PO15 6RQ	2,194.23
CS04	SSE	PO BOX 514, BASINGSTOKE, RG21 8WS	1,288.21
CS05	STEPHENSON GROUP LTD	BROOKFOOT HOUSE, LOW LANE, HORSFORTH, LEEDS, SOUTH YORKSHIRE, LS18 5PU	13,488.00
CS06	SURFACHEM LTD	2nd FLOOR, 2 THE EMBANKMENT, SOVEREIGN STREET, LEEDS, WEST YORKSHIRE, LS1 4BA	7,364.43
CT00	TIP TOP IT LTD	CHURCHILL HOUSE, 120 BUNNS LANE, LONDON, GREATER LONDON, NW7 2AS	757.56
CU00	U.P.S. LTD	AR DEPT, ST DAVIDS WAY, BERMUDA PARK, NUNEATON, WARWICKSHIRE, CV10 7SD	2.94
CU01	UNGERER LTD	SEALAND ROAD, CHESTER, CHESHIRE, CH1 4LP	462.00
CW00	WILKINS KENNEDY	GREYTOWN HOUSE, 221-227 HIGH STREET, ORPINGTON, KENT, BR6 0NZ	24,180.24
CW01	WILKINS KENNEDY (SERVICES)	221-227 HIGH STREET, ORPINGTON, KENT, BR6 0NZ	9,960.00
CX00	X1 LIMITED	X1 HOUSE, 93 WHITBY ROAD, SLOUGH, BERKSHIRE, SL1 3DR	614.40
46 Entries Totalling			**133,827.00**

Signature C Jones 6/2/20