

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 09209224

Company name in full Livia's Health Foods Limited

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

2 Administrator's name

Full forename(s) Finbarr Thomas

Surname O'Connell

3 Administrator's address

Building name/number 25 Moorgate

Street London

Post town EC2R 6AY

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Clare

Surname Lloyd

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 25 Moorgate

Street London

Post town EC2R 6AY

County/Region

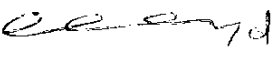
Postcode

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6	Statement of proposals		
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals		
7	Sign and date		
Administrator's Signature	<div>Signature</div> <div><input checked="" type="checkbox"/> </div> <div><input checked="" type="checkbox"/></div>		
Signature date	<div><div><div>^d0</div><div>^d1</div></div><div><div>^m0</div><div>^m3</div></div><div><div>^y2</div><div>^y0</div><div>^y2</div><div>^y2</div></div></div>		

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	Sarah Champion								
Company name	Smith & Williamson LLP								
Address	25 Moorgate								
	London								
Post town	EC2R 6AY								
County/Region									
Postcode	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>								
Country									
DX	119507 Finsbury Square EC2								
Telephone	020 7131 4000								



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- ☒ 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

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Livia's Health Foods Limited (in administration)

Joint administrators' Report and Statement of Proposals pursuant
to Paragraph 49 of Schedule B1 to the Insolvency Act 1986

18 February 2022



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1. Glossary

Abbreviation	Description
AQSE	Aquis Stock Exchange
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
ETR	Estimated to realise
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
RPS	Redundancy Payments Service
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
SIP	Statement of Insolvency Practice (England and Wales)
SOA	Statement of Affairs
SPA	Sale and purchase agreement
the administrators/joint administrators	Finbarr O'Connell and Clare Lloyd
the Company	Livia's Health Foods Limited
the Purchaser	S Ventures Plc, a company listed on AQSE
TUPE	Transfer of Undertakings (Protection of Employment) Regulations

2. Introduction

We, Finbarr O'Connell and Clare Lloyd, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY and licensed insolvency practitioners, were appointed administrators of the Company on 17 February 2022. This report sets out our proposals in respect of the administration of the Company.

Appendix I contains information in respect of the Company and the joint administrators that is required under the IR16. Appendix VIII contains our SIP 16 statement.

We will deliver these proposals to the creditors on Tuesday 22 February 2022.

3. Key points

- We were appointed joint administrators of the Company on Thursday 17 February 2022 by the directors.
- The objective of the administration is as in Paragraph 3(1)(b) of Schedule B1 to the Insolvency Act 1986, namely 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).
- It may prove possible during the course of the administration, dependent on the level of future realisations, to achieve the first objective, as in Paragraph 3 (1)(a), namely rescuing the Company as a going concern. There are a number of variables which, in the coming months, will determine if this is achievable.
- A pre-packaged sale of the Company's business and assets to S Ventures Plc ('the Purchaser') was completed on Thursday 17 February 2022 for an initial consideration of £355,000. This is comprised of £130,000 cash on completion of the sale contract and 321,429 shares in S Ventures Plc, a listed entity whose shares are traded on the AQSE. This cash consideration has been paid to the joint administrators and the shares are currently being issued to them.
- Subject to the Purchaser achieving a target level of revenue from the business in the 10 months following the acquisition, there is a deferred consideration element payable of £75,000 in cash and a further issue of 35,714 shares in S Ventures Plc, which are also to be admitted to trading on the AQSE. This total amount of deferred consideration has been valued at a further £100,000 in the sale contract.
- Further details on the pre-packaged sale can be found in the appended SIP 16 statement.
- All, excepting one, of the 4 employees, were subject to the TUPE Regulations and transferred accordingly to the Purchaser. One of the directors, who also held a contract of employment was made redundant prior to the transaction, on a consensual basis.
- The Company does not have any secured creditors or valid charges registered at Companies House.
- The joint administrators will be carrying out an investigation into the use to which all of investors' monies have been put. This investigation will feed not just into their analysis as to whether the Company, in administration, has claims against any party with regard to the formal insolvency of the Company but will also be an important aspect of their statutory investigation into the actions of the Company's directors.
- Ordinary preferential creditors are expected to be paid in full, as are secondary preferential creditors (HMRC). It is anticipated that there will be sufficient asset realisations to enable a dividend to be paid to unsecured creditors, however, the exact timing and quantum of a dividend cannot be confirmed at this stage in the administration.
- Following on from the third bullet point here, it may be possible that there will be a return to the shareholders, however, it is much too early to say how likely this outcome is and the joint administrators project that if there is any such return to shareholders it will be of a minimal amount.
- Our proposals will be considered approved, subject to votes received in favour from the creditors, by Wednesday 9 March 2022, if we do not receive a valid request for a creditors' meeting.
- Creditors with partly or wholly unsecured claims will be invited to form a creditors' committee pursuant to Rule 3.39 of the Insolvency (England and Wales) Rules 2016 which, if formed, will need to comprise three to five members.

- If 10% or more by value of the Company's creditors wish us to call a meeting to consider the proposals, details of the process are covered in section 16 below.
- Creditors who meet certain thresholds prescribed by the Insolvency Act 1986, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may request a physical meeting to be held to consider the Proposed Decisions (incorporating the approval of our fees). However, such a request must be made in writing to the Convener within 5 business days from Tuesday 22 February 2022.
- We are seeking approval of the basis of our remuneration and expenses as set out at section 14 and of the pre-appointment costs and expenses as set out in section 13 from the creditors.

4. Background to the administration

The Company was incorporated in September 2014 and its business is involved in the production and supply of a range of sweet treats, using only plant-based ingredients, that are also vegan friendly and gluten and dairy free. All products are manufactured in the UK, with the vast majority of its sales also being made in the UK. The Company grew rapidly and in 2017 successfully launched its products nationwide to major UK grocery stores and supermarket chains, following the emerging popularity of the use of 100% natural ingredients in confectionary.

Trading as 'Livia's' the Company has a strong online presence and offers customers direct purchasing from its website store.

Having experienced significant year on year growth, in 2019, the Company launched a crowdfunding initiative, in order to accelerate sales and to support the planned development and introduction of new product lines and with the intention of expanding internationally. Whilst the Company acquired the backing of a significant number of investors, sales did not reach the anticipated levels in 2020 or during 2021. In recent months, the business completed a restructuring process, reducing overheads where possible, such as out-sourcing marketing and PR support, and focusing on a core team in order to streamline operations.

Continuing to experience cashflow difficulties into the latter part of 2021, the Company had explored the potential of entering into a funding facility, which was ultimately not considered to be a viable solution by the directors. Attempts to secure further investment during this period did not result in a cash injection to the business, therefore, at the end of December 2021, the board engaged S&W LLP for advice as regards its options in the event of its insolvency. The board had already concluded that, due to working capital shortages, it would not be in a position to continue trading beyond January 2022.

An accelerated marketing process as regards the business and/or its assets was initiated and managed by S&W LLP in early January 2022, as it was apparent that the possibility of securing a going concern sale of the business would achieve a greater return to creditors than they would receive in a break-up/shut down scenario.

The marketing process had only been live for a short period when the unexpected possibility of a share sale rescue of the Company was offered by a third party, to the board. Consequently, as the rescue of the business outside of an insolvency process clearly presented a more favourable outcome to the stakeholders, the marketing process and plans for a distressed sale via an administration process were stepped down at the board's request.

Negotiations for a share sale did not ultimately conclude favourably and therefore, in early February 2022, the strategy for a sale of the business and/or its assets was resurrected with S&W LLP.

The cash flow position had become increasingly restricted, with a rapidly diminishing ability to fulfil ongoing customer orders. Therefore, to preserve the future value of the business and to maintain goodwill, it was recognised that there was a very limited timeframe within which the Company had a prospect of avoiding a shut-down scenario. Accordingly, a deadline was set for interested parties to complete their due diligence and to submit best offers by 12 noon on Wednesday 9 February 2022.

An offer submitted by S Ventures Plc was accepted in principle, with contractual negotiations commencing on Thursday 10 February 2022.

Finbarr O'Connell and Clare Lloyd are both qualified insolvency practitioners and authorised and licensed by the Institute of Chartered Accountants in England and Wales. As proposed joint administrators, statements and consents to act were provided by both on 11 February 2022.

Terms for the sale and purchase of the business of the Company were duly agreed between the board of the Company and S Ventures Plc. The joint administrators were appointed by the directors on Thursday 17 February 2022 and, in the absence of any qualified floating charge holder, there was no requirement to serve notice of their intention on the Company. The going concern sale of the business and its assets was completed by the joint administrators with S Ventures Plc, by way of a pre-packaged sale, on 17 February 2022.

5. Purpose of administration and strategy

The joint administrators must perform their functions with the objective of:

- rescuing the Company as a going concern; or
- 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); or
- realising property in order to make a distribution to one or more secured or the ordinary preferential creditors and, if applicable, the secondary preferential creditors.

In this case, the second objective above is being pursued.

As outlined in section 4, after the share sale rescue option failed to complete, it was ultimately not possible to achieve a rescue of the Company as a going concern. The Company was unable to continue to trade beyond the short-term and with only a limited timeframe within which to conduct a marketing process for the business, no viable offers were forthcoming which would have enabled the first objective to be achieved.

However, it may yet prove possible during the course of the administration, dependent on the level of future realisations, to achieve the first objective above. There are a number of variables which, in the coming months, will determine whether this will be achievable.

It was clear from an assessment of the value of the business as a going concern in an administration process, as compared to a liquidation or shut-down scenario, that the administration option would bring a better result for the Company's creditors. Further detail can be found at section 7 of this report and at Appendix VIII, within our SIP 16 statement.

By pursuing and achieving a pre-packaged sale of the business and its assets, the second objective will be met.

Our role, prior to our appointment as joint administrators, was to advise the Company, not the directors or any party considering acquisition of the business whether by means of a pre-pack or other. Once appointed, administrators are obliged to perform their functions in the interests of the Company's creditors as a whole. Where the objective of the administration is to realise property in order to make a distribution to secured or ordinary and, if applicable, secondary preferential creditors, we have a duty to avoid harming unnecessarily the interests of the creditors as a whole.

Section 7 provides details of the actions taken to date in pursuit of our strategy for the administration and section 10 details our proposals to achieve the purpose of the administration and to bring it to a conclusion in due course.

6. Joint administrators' receipts and payments

A summary of our receipts and payments for the administration period from the date of our appointment to date, is attached at Appendix III. This shows a nil account. The sum of £130,000 is presently with the joint administrators' solicitors pending our further instructions.

7. Conduct of the administration

7.1 Pre-packaged sale

Following the completion of the pre-packaged sale of the Company's business and assets on 17 February 2022 to S Ventures Plc, the joint administrators are obliged to provide information on the sale pursuant to the requirements of SIP 16, Pre-packaged Sales in Administration.

The joint administrators' SIP 16 statement is attached as Appendix VIII.

7.2 Book debts and other receipts

The principal asset remaining to be realised is the sales ledger, which has a book value of c.£160k. It is anticipated that there are balances which are subject to set-off and that the amounts ultimately recoverable will also depend on potential deductions that may be applied by customers in the event of non-fulfilment of contractual obligations.

7.3 Other steps taken since appointment

Our appointment took place within only 1 business day of the issue of this report. Consequently, at this very early stage in the administration, other than the drafting of this report and the necessary statutory filings notifying of our appointment, there have been minimal steps of significance to be noted.

Further details on the steps taken by the joint administrators will be made available in our next report.

8. Financial position at the date of administration

8.1 Estimated financial position of the Company

A SOA has not yet been received from the directors, given the short timeframe between our appointment and the issue of this report but it is expected to follow shortly. Attached as Appendix IV is a summary of the estimated financial position of the Company as at 31 January 2022, taken from the Company's balance sheet available at that date. These figures have not been subjected to any form of audit and therefore cannot be verified as wholly accurate and may be subject to adjustments.

We will provide details of the directors' SOA to creditors in our next report. In the meantime, the directors' SOA will be available for viewing at Companies House within the next few weeks.

8.2 Charges and secured creditors

The Company has no known secured creditors, neither does it have any unsatisfied charges or debentures outstanding at Companies House.

8.3 Prescribed Part (Inapplicable in this case.)

Where a company has created a floating charge on or after 15 September 2003, Section 176A of the Insolvency Act 1986 makes provision for a share of the company's net property to be set aside for distribution to unsecured creditors in priority to the floating charge holder. The company's net property is the balance that remains after the ordinary preferential creditors and the secondary preferential creditors have been paid in full and which would then otherwise be available for satisfaction of the claims of any holder of a debenture secured by a floating charge. The funds are referred to as the Prescribed Part.

The Company has no valid floating charges and the Prescribed Part requirements do not, therefore, apply.

8.4 Ordinary preferential creditors

The Company's ordinary preferential creditors are estimated to be a maximum of £800, comprising arrears of wages and any element of a Protective Award that may relate to the four-month period prior to insolvency (a maximum of £800 per employee) and all accrued but untaken holiday at that date. It is hoped that notice of a distribution to ordinary preferential creditors can be issued before our first progress report, which is due by mid-September 2022. The principal matter that will affect the timing of this will be the RPS finalising payments to former employees and being in a position to finalise its own subrogated claim.

8.5 Secondary preferential creditors

The Company's secondary preferential creditors are estimated to be a maximum of £110,000, comprising HMRC's claim in relation to outstanding taxes 'paid' by employees and customers of the Company. These include Pay As You Earn (PAYE) (including student loan repayments), Value Added Tax (VAT), employee National Insurance Contributions (NICs) and Construction Industry Scheme (CIS) deductions.

It is important to note that there is no cap or time limit on what HMRC can recover in respect of the above.

The secondary preferential creditors will only be entitled to receive a dividend after all the ordinary preferential creditors have received 100p in the pound (£).

HMRC will continue to be an unsecured creditor for corporation tax, Employer's National Insurance Contributions and any other taxes owed directly by the Company

8.6 Unsecured creditors

Unsecured creditors are estimated to be c.£350,000 in the Estimated Financial Position of the Company. This figure is unaudited and may be subject to fluctuation. All creditor claims will be subject to the appropriate adjudication process in due course, once we are in a position to declare a dividend.

9. Estimated outcome for creditors

Our current assessment of the likely outcome for creditors is as follows:

- Ordinary preferential creditors are likely to be paid out in full.
- Secondary preferential creditors will only receive payment after all the ordinary preferential creditors have received 100p in the pound (£), however, it is expected that HMRC will also receive payment in full.
- It is anticipated that there will be a dividend payable to unsecured creditors, however, the timing and quantum of a dividend cannot yet be confirmed at this very early stage of the administration.
- As set out in Section 3 to this report, it may prove possible during the course of the administration for all creditors to be paid/settled in full and for the Company to be rescued as a going concern. However, there are a number of variables which, in the coming months, will determine if this is possible and/or achievable.

10. Proposals for achieving the purpose of administration

Our proposals for achieving the purpose of administration for the Company are as follows:

- i. The administrators will continue to manage the affairs of the Company in order to achieve the most likely purpose of the administration, namely with the objective of 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) pursuant to P3(1)(b) Sch B1.
- ii. If, during the course of the administration, future realisations to the estate allow creditors to be repaid/settled in full, the joint administrators will end their appointment and return the Company to the control of the directors. Any such repayment/settlement of the Company's creditors in full may be by way of a Company Voluntary Arrangement ('CVA') or some other process and would result in the rescue of the Company as a potential going concern, pursuant to P3(1)(a) Sch B1. Whilst any such restructuring will not rescue the Company as a going concern in the ordinary sense, as its business has been sold, it will allow for a solvent exit from the administration process and the directors will be able to use the Company for whatever purpose(s), including potentially for a future business venture (a going concern), as they deem appropriate.
- iii. If, having realised the assets of the Company, the joint administrators
 - conclude that a rescue of the Company as a going concern or a potential going concern is not possible, but they
 - think that a distribution will be made to unsecured creditors, they may
 - propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into Company Voluntary Liquidation ('CVL') in order that the distribution can be made.
- iv. If the administrators consider it appropriate and cost-effective to do so, they may make an application to court for permission to make any distribution to the unsecured creditors in the administration, instead of moving the Company to CVL and then making a distribution. (Note: If permission is granted, subject to the need for further investigations as detailed in Section 11, the Company will exit into dissolution once the distribution has been made and the administration concluded).
- v. If the joint administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the court and the Registrar of Companies for the dissolution of the Company.
- vi. The joint administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 IA86, as they consider desirable or expedient to achieve the purpose(s) of the administration.
- vii. The administrators propose asking creditors to consider establishing a creditors' committee pursuant to Rule 3.39 of the Insolvency (England and Wales) Rules 2016. If such a committee is formed the creditors who become members of the committee will be responsible for sanctioning the basis of the joint administrators' remuneration and expenses, any unpaid pre-administration costs and certain proposed acts on the part of the joint administrators. The committee will be able to make these decisions without the need to report back to a further meeting of creditors generally.

11. Exit route from administration

It is proposed that, at the appropriate time, the joint administrators will use their discretion to exit the administration by way of one of the following means, as set out below. You will see that there are broadly 3 main exit routes from administration.

Involvement of the creditors' committee, if one exists

If a creditors' committee is established the joint administrators will consult with the members and agree the most appropriate exit route from administration.

Exit by way of administration followed by a liquidation distribution and dissolution

- (i) If, having realised the assets of the Company, the joint administrators think that a part distribution will be made to the unsecured creditors, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into CVL in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are justified. In these circumstances, it is proposed that the joint administrators, Finbarr O'Connell and Clare Lloyd, will become the joint liquidators of the CVL. The acts of the joint liquidators may be undertaken by either or both of them.
- (ii) Creditors have the right to nominate alternative liquidators of their choice. To do this, creditors must make their nomination in writing to the joint administrators prior to these proposals being approved. Where this occurs, the joint administrators will advise creditors and provide them with the opportunity to vote. In the absence of a nomination, the joint administrators will automatically become the joint liquidators of the Company in the subsequent CVL.
- (iii) Administrators have the power to bring claims against former officers of the company in respect of transactions that may have caused or exacerbated a company's insolvency. Claims with a good prospect of success may also be pursued by administrators but there may be cases where it would be more appropriate if a liquidator brought the claim or where the timeframe would not be long enough, given the maximum extension period available to administrators. The proposed exit route would, in this case, be liquidation.

Exit by way of administration only (with or without an administrators' distribution), followed by dissolution

If the joint administrators have, with the permission of the court, made a distribution to unsecured creditors, or they think that the Company otherwise has no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file a notice, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Company. The joint administrators will send copies of these documents to the Company and its creditors. The joint administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Exit by way of administration, followed by a partial or in-full CVA distribution, culminating with the return of the Company to its directors.

In certain circumstances, the Joint Administrators might propose a Company Voluntary Arrangement ('CVA') as the most appropriate exit route from Administration, if they conclude that distributing funds to the unsecured creditors through that route would be more advantageous to the unsecured creditors rather than receiving funds either through a CVL or directly from the Joint Administrators. A CVA is a formal procedure introduced by Part 1 IA86 which enables a company to agree with its creditors how their debts should be paid/settled and in what proportions. It requires the approval of a majority of 75% or more in value of the creditors voting by proxy or in person on the resolution to implement the CVA. It is, essentially, a contract between the Company and its creditors and also requires the approval of the Company in general meeting (i.e. approval by the Company's shareholders). Once approved, a CVA binds all creditors who received notice of the meeting and who were entitled to vote at it, whether they actually did vote or not. It also binds creditors who, for whatever reason, did not receive notice but would have been entitled to vote if they had received notice. There are special provisions for valuing the votes of creditors who are connected with the Company.

12. Other matters relating to the conduct of the administration

The matters detailed below are not considered to be part of the proposals but are intended to provide creditors with information concerning the remaining statutory and other matters that must be dealt with in the administration.

- Submitting confidential information relating to the conduct of the directors to the Department for Business, Energy & Industrial Strategy. This obligation arises under the Company Directors Disqualification Act 1986. Creditors should note that the content of any submission is strictly confidential and under no circumstances will discussions be entered into regarding this. The submissions referred to here will include the outcome of the investigations by the joint administrators into the use to which all of investors' monies have been put. Investors have specifically asked that this investigation be carried out. This investigation will feed not just into their analysis as to whether the Company, in administration, has claims against any party with regard to the formal insolvency of the Company but will also be an important aspect of their statutory investigation into the actions of the Company's directors. (Whilst the joint administrators will not be in a position to divulge the content of any submissions which they make to the Department for Business, Energy & Industrial Strategy, the commercial findings from their investigations will be made known to the creditors and investors at the appropriate time.)
- Dealing with post-sale matters and the deferred elements of the transaction
- Agreeing and making payment of ordinary preferential creditors and, if applicable, secondary preferential claims, subject to availability of funds
- Filing corporation tax returns and obtaining tax clearance in respect of the administration period
- Paying all costs and expenses of the administration once any required approval has been obtained
- Further statutory reporting as required by IA86 and IR16.

13. Pre-administration costs and expenses

13.1 Pre-administration costs

The basis of our pre-administration costs was set out in our engagement letter with the Company dated 11 February 2022, which took effect from the commencement of our services, which was on 31 December 2021. Our costs were to be charged on a time cost basis.

Our engagement included, but was not limited to, the following principal areas:

- Preliminary discussions and advice in respect of the Company's financial position and the options which would be available in the circumstances (which, initially, was broadly anticipated to be either a refinancing/restructuring or an administration process)
- Advising on the financial control of the Company up to the date that the Company may be financially and/or operationally restructured either by way of a share acquisition or by way of a pre-pack sale following the Company entering into administration, which included advising on the protection of the Company's business and assets and/or the sale of its assets or business, as appropriate;
- If appropriate, seeking purchasers of all or part of the business with a view to a pre-pack sale or immediate sale on appointment and negotiating the terms of any sale of the Company's business;

- Preparing, in consultation with the directors and solicitors, all necessary documentation for placing the Company into administration, including the necessary witness statements for consideration and execution, as appropriate;
- In consultation with the directors, and the solicitors instructed by us, assisting with filing the necessary documentation in court to place the Company into administration.

Our total time costs in assisting the Company prior to our appointment as joint administrators are £77,837.01, a breakdown of which is given in Appendix V. As at the date of this report none of these costs have been paid.

Pre-appointment fees charged, and expenses incurred by us are detailed below:

Charged by/service(s) provided	Total amount charged £	Amount paid £	Who made payment	Amount unpaid £
S&W LLP	77,837.01	NIL	N/A	77,831.01
Pinsent Masons LLP (legal advice in respect of providing advice with regard to the insolvency of the Company and the legal and financial options available to it, drafting the SPA for the pre-pack, preparation of the appointment documentation and various attendance matters)	31,507.30 Plus disbursements of 108.45	NIL	N/A	31,507.30 108.45
Setfords Law Limited, solicitors (Legal services prior to Pinsent Masons LLP being retained.)	5,000.00	NIL	N/A	5,000.00
Wyles Hardy & Co Ltd (valuation & disposal advice)	3,400.00 Plus disbursements	NIL	N/A	3,400.00
Total				117,846.76

We are not aware of any fees or expenses incurred by any other person qualified to act as an insolvency practitioner with a view to the Company entering administration.

The payment of the unpaid pre-administration costs set out above as an expense of the administration is subject to the approval of creditors, separately from the approval of the joint administrators' proposals. This approval will be the responsibility of the creditors' committee, if one is appointed, or alternatively, where there is no committee, by resolution at a virtual meeting of creditors or by electronic or postal voting.

14. Joint administrators' remuneration

Insolvency Practitioners are required to provide stakeholders with details of the work they propose to do and the expenses that are likely to be incurred. Prior to drawing any fees, these details must be provided to creditors and approval given. Alternatively, creditors may form a committee and, if so, it is up to the majority of committee members to give consent.

Where it is proposed that fees are drawn from the insolvent estate on a time costs basis, a fee estimate will also need to be provided. Where it is unrealistic to estimate the work to be done at the outset, an estimate may be provided for a designated period or up to a particular event/milestone.

Creditors should be aware that the fees estimate is based on information available at present and may change due to unforeseen circumstances arising. If any approved fees estimate is exceeded, a revised estimate will need to be provided and approval given before any fees may be drawn in excess of the original approved estimate.

Some of the work required by Insolvency Practitioners is required by law and may not necessarily result in any financial benefit for creditors (or members). Examples of this work would include investigations required under the Company Directors Disqualification Act 1986 or dealing with former employees' claims through the Redundancy Payments Service.

On some occasions, third parties may be instructed to provide expert advice on tax or legal matters to produce a financial benefit to creditors.

Each aspect of the work undertaken will require different levels of expertise and, therefore, cost. To make it clear, we have given the rates for each grade of staff with estimates of the total hours to be spent on each aspect in the table provided.

The basis of the joint administrators' remuneration may be fixed on one or more of the following bases and different bases may be fixed in respect of different things done by them:

- as a percentage of the value of the assets they have to deal with, or
- by reference to time properly spent by the joint administrators and their staff in attending to matters arising in the administration, or
- as a set amount

In this case, the joint administrators are seeking approval for the basis of their remuneration as follows:

- By reference to the time properly spent by the joint administrators and their staff in attending to matters arising in the administration and this is estimated to total £85,000 plus VAT and disbursements for the duration of our appointment as administrators and possibly, subsequently as liquidators. As we will be seeking approval to draw fees on this basis, a fees and costs estimate is attached at Appendix VI. This details the estimated fees according to the grade of staff, expected number of hours to perform specific tasks, some of which are mandatory, irrespective of the company, and some of which are specific to this case, and the average hourly rate.

Where no creditors' committee is appointed, approval of the joint administrators' remuneration shall be fixed using the decision-making process either at a virtual creditors' meeting or by electronic and/or postal voting. In search circumstances, if the joint administrators were to conclude that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, approval will be sought from the ordinary preferential creditors and secondary preferential creditors.

A copy of 'A Creditor's Guide to Administrator's Fees', as produced by R3, is available free on request or can be downloaded from their website as follows:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees/>

On 1 September 2020, the Smith & Williamson Group merged with the Tilney Group to extend their financial and professional services offering. The group is known as Tilney Smith & Williamson (TSW). Restructuring and Recovery Services (RRS) and other professional services remain as before and continue to be provided through Smith & Williamson LLP, a subsidiary of TSW. Please note that following the merger, there has been a recent change to our financial year-end. As a result, some teams within Smith and Williamson LLP have increased their charge-out rates as at 1 January 2022. Please note, however, that RRS will not be revising its charge-out rates until 1 July 2022 and then again on 1 January 2023, with a return to annual reviews thereafter. In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases. It is anticipated that the rate of any increase on 1 January 2023 will take into account that only six months will have passed from the date of the last increase and so that increase will be calculated so as not to cause any prejudice to creditors and stakeholders.

Details of Smith & Williamson LLP's charge out rates along with the policies in relation to the use of staff are provided at Appendix VII.

Creditors should also be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the Company and its former officers as required by the Company Directors Disqualification Act 1986.

15. Administration expenses

15.1 Subcontractors

We have not used any subcontractors.

15.2 Professional advisors

No professional advisors have been used to date in the administration. It is envisaged that Pinsent Masons LLP will be engaged by the joint administrators to provide legal advice on various post-appointment matters.

15.3 Joint administrators' expenses

We have paid and/or incurred the following expenses in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Statutory advertising	95	-	95
Joint administrators' bonds	140	-	140
Total	235	-	235

15.4 Category 2 expenses (see Appendix VII)

No Category 2 expenses have yet been incurred.

In accordance with SIP 9, payments to insolvency office-holders and their associates from an estate, the joint administrators will be seeking approval to draw Category 2 expenses as and when funds are available, in accordance with Smith & Williamson's expenses recovery policy.

15.5 Policies regarding use of third parties, associates and expense recovery

Details of Smith & Williamson's policies regarding the use of subcontractors and professional advisors and the recovery of expenses are set out at Appendix VII.

16. Creditors' decisions

The joint administrators propose to seek approval of these proposals by correspondence. Additionally, the joint administrators wish to seek approval of third party/ies', and their pre and post appointment, remuneration and costs by means of voting by correspondence. Notice to this effect is given in Appendix IX along with steps required by creditors.

Creditors who meet certain thresholds prescribed by the Insolvency Act 1986, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may request a physical meeting to be held to consider the Proposed Decisions (including the approval of our fees). However, such a request must be made in writing to the Convener (as defined in Appendix IX) within 5 business days from Tuesday 22 February 2022.

17. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rsgdpr>

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

18. Next report and creditors' rights

The joint administrators are required to provide a progress report within one month of the end of the first six months of the administration or earlier if the administration has been finalised.

From receipt of the first progress report, creditors have rights under IR16 to request further information and to challenge the joint administrators' remuneration and/or expenses incurred. In summary (and please note that the joint administrators do not believe that there are any secured creditors in this case.):

- Within 21 days of the receipt of a progress report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the joint administrators provide further information about their remuneration or expenses which have been itemised in the report.
- Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of a progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the joint administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the joint administrators, as set out in the report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Finbarr O'Connell or Clare Lloyd in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: insolvency.enquiryline@insolvency.gov.uk

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.



Finbarr O'Connell and Clare Lloyd

Joint Administrators

Date: 18 February 2022

Finbarr O'Connell and Clare Lloyd have been appointed as Joint Administrators of the Company on 17 February 2022. The affairs, business and property of the company are being managed by the Joint Administrators as agents and without personal liability. Both office-holders are authorised and licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

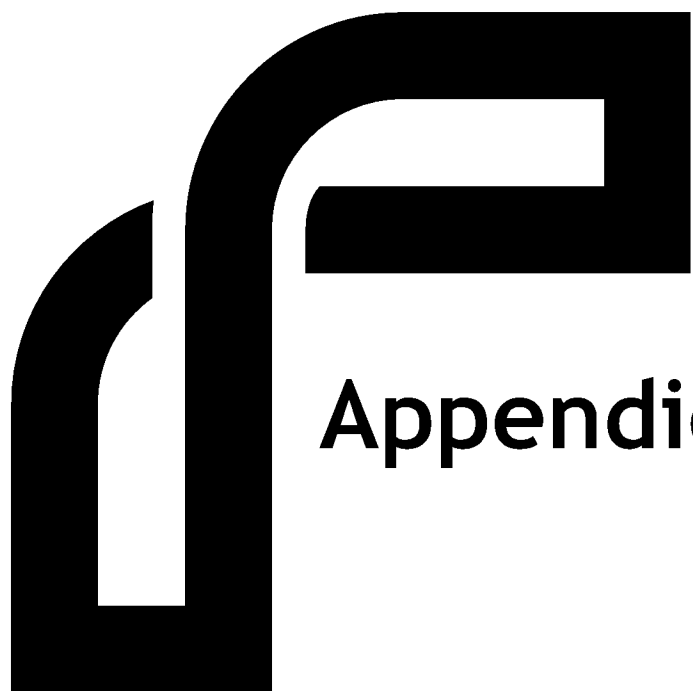
Further details of their licensing body along with our complaints and compensation procedure can be accessed at: <https://smithandwilliamson.com/en/insolvency-licensing-bodies/>. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:

<https://www.icaew.com/technical/insolvency/sips-regulations-and-guidance/insolvency-code-of-ethics>

The Joint Administrators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Smith and Williamson 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. The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at <http://smithandwilliamson.com/rrsgdpr>

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

The word partner is used to refer to a member of Smith & Williamson LLP. A list of members is available at the registered office. Registered in England at 25 Moorgate, London EC2R 6AY No OC369631. Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International, a worldwide network of independent accounting firms



Appendices

I Statutory information

Relevant Court	High Court of Justice
Court Reference	CR-2022-000451
Trading Names	Livia's
Trading Addresses	As per Registered Office, below
Former Name(s)	N/A
Registered Office	Queens Studios, 121 Salusbury Road, London, NW6 6RG (Formerly 25 Lonsdale Road, London, NW6 6RA)
Registered Number	09209224
Joint Administrators	Finbarr O'Connell and Clare Lloyd both of 25 Moorgate, London, EC2R 6AY (IP No(s) 7931 and 25932) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Date of Appointment	Thursday 17 February 2022
Appointor	The Directors
Current Directors	Anthony Wollenberg, Olivia Wollenberg, Stephen Grabiner
Former Directors (<3 years)	Sebastian Wallace, Andrew Weston-Webb
Shareholders	Olivia Wollenberg (>50%) plus 43 others, all with less than 10% held individually
Extension to period of administration	N/A
Cross-border insolvencies and EU Regulation	These proceedings are 'centre of main interests' ('COMI') proceedings to which the EU Regulation, as it has effect in the law of the United Kingdom, applies

II Prior professional relationship

Statement of prior professional relationship of Finbarr O'Connell and Clare Lloyd in respect of their appointment of joint administrators

Neither Finbarr O'Connell nor Clare Lloyd has had what constitutes a prior professional relationship with the Company, its directors or shareholders, which would require a disclosure to that effect.

III Receipts and payments account

This is a nil account for the period from 17 February 2022 to 18 February 2022, being the date of this report.

Statement	From 17/02/2022
of Affairs	To 18/02/2022
£	£

REPRESENTED BY **NIL**

Notes and further information required by SIP 7

- The joint administrators' remuneration has not yet been approved.
- We have not yet sought approval of, or drawn, any other costs that would require the same approval as our remuneration.
- No payments have been made to us from outside the estate.
- Information concerning our remuneration and expenses incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

IV Directors' Estimated Financial Position of the Company - 31.1.22

	£
<u>Fixed Assets</u>	
Capitalised web design costs	68,500.00
Computer equipment	19,008.62
Less accumulated amortisation on intangibles	(39,278.90)
Less accumulated depreciation on computer equipment	(16,634.05)
Less accumulated depreciation on Office Equipment	(20,337.00)
Less accumulated depreciation on Plant & Machinery	(27,987.29)
Office equipment	34,867.76
Plant & Machinery	136,149.99
Total Fixed assets	154,289.13
<u>Current Assets</u>	
Cash at bank and in hand	3,639.85
Accounts receivable	162,180.98
PayPal Control a/c	1,199.19
Prepayments	16,050.23
Rent Deposit	1,910.75
Stock	96,722.34
Stripe control account	512.51
VAT	4,729.19
Total current assets	286,945.04
<u>Creditors</u>	
Accounts payable	199,074.43
Accruals	13,246.07
Credit card control account	100.00
Loan - Anthony Wollenberg	140,318.80
Loan - Evelyn Wollenberg	481.90
PAYE Payable	104,151.71
Pensions Payable	1,044.55
Rounding	0.01
Salaries liability	2,307.69
Total creditors	(460,725.16)
Net assets (liabilities)	(19,490.99)
<u>Capital and Reserves</u>	
Ordinary Shares	1,057.37
Share Premium	4,359,387.84
Current Year Earnings	(290,287.78)
Retained Earnings	(4,089,648.42)
Total Capital and Reserves	(19,490.99)

V Time analysis for the pre-appointment period

From 31 December 2021 to 17 February 2022

Classification of work function	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
Pre-Appointment								
AML, Conflict & ethics checks, engagement letters	2.35	0.75	3.23	0.00	0.00	6.33	2,747.52	433.81
Initial meetings	1.60	0.00	1.85	1.50	0.00	4.95	1,920.00	387.88
General advisory work insolvent	12.75	9.30	2.33	0.00	0.00	24.38	12,906.99	529.34
Appointment formalities	4.25	3.00	3.82	2.55	0.00	13.62	5,751.51	422.39
Preparation of pre-appointment documents	0.00	0.00	4.47	0.00	0.00	4.47	1,340.01	300.00
Pre-pack sale of business	28.95	21.90	21.22	0.00	0.00	72.07	34,465.98	478.25
Interested parties	4.35	8.90	7.78	0.85	0.00	21.88	9,535.49	435.74
Job planning	6.75	5.05	8.82	0.00	0.00	20.62	9,169.51	444.76
Total	61.00	48.90	53.52	4.90	0.00	168.32	£77,837.01	£462.44

Explanation of major work activities undertaken

The following activities were undertaken in the pre-appointment period:

- Initial take-on procedures.
- High-level review of the Company's financial position, prospects and options.
- Advice regarding the different restructuring options available.
- Assisting, once the share acquisition deal went away, with an accelerated sale process of the business and assets of the Company.
- Setting up a data room for interested parties, providing access to data room.
- Review of offers and other general sale/pre-pack matters.
- Preparation and circulation of a teaser document
- Discussions with interested parties, preparation of NDAs.
- Discussions with the Company's employees and consultants.
- Regular correspondence with management and legal advisers in respect of the sale agreement.
- Dealing with formalities of the appointment including consent to acts.
- Preparing the SIP16 statement and ensuring adherence to SIP16 has been maintained.

VI Fees and costs estimate

For the first year of the administration

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate Director	Manager / Assistant Manager	Other professional staff	Assistants & support staff			
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Administration and planning	14.50	13.50	13.00	8.50	0.00	49.50	21,170.00	427.68
Statutory returns, reports & meetings	2.00	5.00	6.00	3.00	0.00	16.00	£6,140.00	£383.75
Initial post-appointment notification letters	0.00	0.50	0.50	0.50	0.00	1.50	£510.00	£340.00
Cashiering general, including bonding	0.00	1.00	1.00	0.00	0.00	2.00	£790.00	£395.00
Job planning, reviews and progression (inc 6 month reviews and planning meetings)	10.00	5.00	4.00	4.00	0.00	23.00	£10,570.00	£459.57
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.50	0.00	1.00	1.00	0.00	2.50	£830.00	£332.00
Agents and advisers, general	1.00	1.00	0.50	0.00	0.00	2.50	£1,240.00	£496.00
Director/manager review, approval and signing	1.00	1.00	0.00	0.00	0.00	2.00	£1,090.00	£545.00
Investigations	9.00	8.50	10.50	4.50	0.00	32.50	13,750.00	423.08
Directors' correspondence	0.50	0.50	1.00	0.50	0.00	2.50	£960.00	£384.00
Statutory books and accounting records review	0.00	1.00	2.00	1.00	0.00	4.00	£1,320.00	£330.00
Investigation of legal claims	8.00	6.00	5.00	2.00	0.00	21.00	£9,700.00	£461.90
SIP2 and SIP4 Obligations (inc liaising with the insolvency service)	0.50	1.00	2.50	1.00	0.00	5.00	£1,770.00	£354.00
Realisation of assets	17.00	17.25	21.50	9.25	0.00	65.00	27,230.00	418.92
Debtors	5.00	5.00	6.00	3.00	0.00	19.00	£7,940.00	£417.89
Cash at Bank	0.00	0.25	0.50	0.25	0.00	1.00	£330.00	£330.00
Sale of business - post completion matters, inc. shares	12.00	12.00	15.00	6.00	0.00	45.00	£18,960.00	£421.33
Creditors	1.25	3.50	6.50	10.00	0.00	21.25	6,715.00	316.00
Employees' claims, dealing with the RPS	0.00	0.50	1.00	1.00	0.00	2.50	775.00	310.00
Pensions	0.00	0.50	0.50	0.00	0.00	1.00	395.00	395.00
Crown (not RPO etc)	0.00	0.00	1.00	1.00	0.00	2.00	530.00	265.00
Unsecured creditors	0.50	1.00	1.50	4.00	0.00	7.00	2,160.00	308.57
Distributions	0.75	1.50	2.50	4.00	0.00	8.75	2,855.00	326.29
Shareholders	1.00	1.00	1.00	1.00	0.00	4.00	1,620.00	405.00
Shareholder general communications	1.00	1.00	1.00	1.00	0.00	4.00	£1,620.00	405.00
Corporate Tax	0.00	0.00	8.00	7.00	0.00	15.00	7,610.00	507.33
Corporate Tax	0.00	0.00	8.00	7.00	0.00	15.00	7,610.00	507.33
Forensics	5.00	0.00	6.50	8.50	0.00	20.00	6,905.00	345.25
Forensics	5.00	0.00	6.50	8.50	0.00	20.00	6,905.00	345.25
Total	52.75	43.75	81.50	64.25	0.00	242.25	£85,000.00	£350.88

Livia's Health Foods Limited (in administration)
Estimated expenses in accordance with Categories 1 & 2 (SIP 9) and payable to third parties

Case specific costs - where applicable

Agents' fees	£5,000
Agent's expenses	£100
Legal fees	£30,000
Legal expenses	£2,000
Other costs (i.e. mail redirection and other similar costs)	£500
Total	£37,600

Category 1 expenses, in accordance with Statement of Insolvency Practice 9 are specific costs payable to an independent third party and relate directly to the case in question.

Explanation of major work activities expected to be undertaken

Administration and Planning

This section of the analysis encompasses the cost of the office holders and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters.

This work includes the following:

- Post appointment dealings with the formalities of appointment.
- Preparing and issuing statutory 6-monthly progress reports
- Statutory notifications and advertising.
- Protection of Company's remaining assets, being mostly receivables, and records (including electronic).
- Dealing with routine correspondence.
- Dealing with agents on general appointment matters, not relating to the sale of assets or correspondence with other advisers.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Case reviews (including 6 month reviews).
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in appointment strategy.
- Preparing reports to stakeholders.
- Maintaining and managing the appointment's cash book and bank accounts.
- Ensuring statutory lodgements and tax lodgements obligations are met.
- Submitting VAT returns and Corporation Tax returns (when due).
- Dealing with identification of key parties relating to the Company and with internal Smith & Williamson LLP compliance requirements.

Investigations

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 which governs both the investigations of the Company's failure and also examines the conduct of the directors. This work includes the following:

- Investigating the reasons for the failure of the Company (including enquiries with the Company's directors and possible interviews of key stakeholders).
- Review and investigation of stakeholders' complaints and responses into the failing of the business and actions of the Company's directors.
- Review and storage of books and records.
- Asset tracing (including company searches).
- Possible actions (including legal recourse) to restore assets of the Company, if appropriate, or compensate the Company for the financial losses incurred.
- Preparing a return/report pursuant to the Company Directors' Disqualification Act.
- Discussions and correspondence with relevant personnel and agents.

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. The work generally includes the following:

- Book debt collection and management (if necessary).
- Miscellaneous asset realisation (i.e. cash at bank), outlined in the contents of the report.
- Dealing with post sale-completion matters.
- Dealing with certain VAT and tax matters relating to the sales process. This includes sourcing certain records (which may not be available at the time of any sale).

Creditors

Work under this section includes correspondence and other contact with the creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via letter, email and telephone.
- Maintaining creditors' information on our insolvency database.
- liaising with the Redundancy Payments Services etc.
- Adjudicating of creditor claims.
- Distributions to various categories of creditors.

Shareholders

Work under this section includes correspondence and other contact with the shareholders of the Company. The work includes the following: [Hey Guys, if any of the changes which I am picking up are errors in our boilerplate stuff can you please feed them back to Saira.]

- Maintaining members' information on IPS.
- Shareholder communications; including non-statutory reporting.

Corporate Tax

- Dealing with post appointment completion matters, specifically identifying any corporation tax liabilities that have arisen as a result of the sale of the Company's business, and, in particular, whether the receipt of stock in the Purchaser's organisation causes us any tax headaches.

Forensics

- Dealing with imaging the Company's server and devices in order that we can fulfil our statutory obligation to maintain and preserve the books and records of the Company.

VII Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Expense recovery
- Smith & Williamson LLP's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director or consultant as joint office-holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised and London rates apply), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1 minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

It may be necessary to utilise staff from both regional and London offices, subject to the specific requirements, eg, geographical location, of individual cases.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add best value and service to the assignment.
- The expertise and experience of the service provider;

- The provider holds appropriate regulatory authorisations; and
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice

9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or creditors.

Expenses

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 expenses do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

Details of any Category 2 expenses incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

Smith & Williamson LLP	London office	Regional
Restructuring & Recovery Services	£/hr	offices
Charge out rates as at 1 July 2021		£/hr
Partner	590-610	480
Director & Associate Director	395-530	395-415
Managers	290-430	240-335
Other professional staff	130-280	160-215
Support & secretarial staff	100-120	90

Notes

1. Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1 minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.

3. The firm's cashiering function is centralised and London rates apply. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. From 1 August 2020 the cashiering function time is split between 'Other professional staff', 'Managers' and 'Associate Director'.
4. Partner includes a Consultant acting as an office-holder or in an equivalent role.

Smith & Williamson LLP	London office
Corporate Tax	£/hr
Charge out rates as at 1 January 2022	
Partner / Director	590-950
Associate Director	430-535
Managers	230-460
Other professional staff	105-245
Support & secretarial staff	60-75

Smith & Williamson LLP	London office
Forensics	£/hr
Charge out rates as at 1 July 2019	
Partner / Director	470
Associate Director	-
Managers	320-410
Other professional staff	240
Support & secretarial staff	-

VIII Joint Administrators' Statement in Accordance with Statement of Insolvency Practice 16

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of joint administrators and they effect the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.

The statutory purpose of administration is for the joint administrators to perform their functions with the objective of maximising the financial outcome for the creditors of the Company as a whole. This statutory purpose is achieved by the administrators succeeding in the following objectives

1. Rescuing the Company as a going concern, or
2. Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without having been placed into administration first, or
3. If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured creditor(s) and/or ordinary preferential creditor(s) and/or, if applicable, secondary preferential creditors of the Company may be pursued providing the joint administrators avoid unnecessarily harming the interests of the creditors as a whole.

In this case, the joint administrators considered a pre-packaged sale ('pre-pack') to be necessary because a seamless acquisition of the business and assets allowed for continuity of trading, the ability to fulfil orders and to maintain customer relations and goodwill, thereby preserving the value of the business, which would otherwise be eroded either in a shut-down scenario or by entering administration without a transaction being ready to be completed. The pre-pack sale also ensured job preservation and a greater return to creditors than would be achieved by following any alternative strategy, as detailed within this statement.

Set out below is further information containing a summary of the circumstances relevant to the pre-pack sale of the Company's business and assets to S Ventures Plc, in accordance with the provisions of Statement of Insolvency Practice 16. In agreeing to the pre-pack sale, we can confirm that the joint administrators have considered the purpose of the administration and the fulfilment of our statutory obligations to creditors.

Creditors are advised that our role, prior to appointment as joint administrators, was to advise the Company and not the directors or any party considering acquisition of the business by means of a pre-pack.

Once appointed, administrators are obliged to perform their functions in the interests of the Company's creditors as a whole.

Background

The business of the Company is involved in the production and sale of branded, free-from, plant-based and naturally sweet treats. These products are stocked by various retailers including Tesco, Sainsbury and Holland and Barratt.

In late December 2021, the directors of the Company determined that, 'due to a slowdown in sales caused by the pandemic, price increases from its manufacturer and supply chain problems' the Company was insolvent and approached S&W to assist in assessing the Company's available restructuring options. The cash flow provided by the Company's FD showed that the Company did not have sufficient working capital to continue trading beyond the end of January 2022, at the latest. Prior to approaching S&W, the Company had attempted to obtain a funding facility, however, this was not successful. At that stage, due to the very small time window available, a pre-pack sale did not appear to be a very likely option and it seemed likely that a potential sale of the business on a break-up basis would be the most likely outcome.

From early until mid-January, efforts were made to generate interest in the acquisition of the business and/or its assets, on an accelerated basis, with an anonymised teaser circulated to various parties, inviting access to a data room, following them entering into a non-disclosure agreement ('NDA').

During this period, the directors entered into discussions with one party interested in a share sale acquisition of the Company outside of any insolvency process and requested that the marketing of the business/planned administration cease. One of the directors provided short-term working capital to allow the Company to continue to trade and to preserve value during this period. The share acquisition prospect ultimately fell away in early February 2022, with the directors re-approaching S&W to assist with an administration process.

It was agreed between the directors and the prospective joint administrators that an accelerated sales process of the business as a going concern would very likely attain the best possible outcome for creditors. The directors agreed to provide further short-term funding to allow the Company to continue to meet the critical cash needs of the business. This funding was limited to a two-week period and it was agreed between the directors and the prospective joint administrators that a sales process be run on a highly accelerated basis during this time.

Initial introduction

The directors reached out to Finbarr O'Connell, on 31 December 2021, for advice as regards the financial position of the Company and to explore whether an administration process was the most appropriate option in the circumstances.

We confirm that neither the joint administrators nor Smith & Williamson Holdings Limited nor any of its subsidiaries have had a prior significant personal or professional relationship with the Company or its directors. Appropriate checks were carried out before accepting formal engagement with the Company.

Pre-appointment considerations

Refinancing - The Company had attempted and failed to obtain further finance shortly before approaching S&W and therefore this was not a viable option.

CVA - The Company was loss-making, and had been for some time, therefore there was no realistic likelihood of turning it around without significant funding being injected into the business. In addition, a lack of funding made a CVA a non-viable option. Also, it is very important to understand that the Company's most significant issue was not the value of the creditors which is had on the books but rather that it would need a substantial injection of capital/working capital in order to get the business to a point where it would make a net recovery for its owner. Accordingly, what was needed was a financial backer rather than entering into a financial compromise with substantial Company creditors.

Trading administration - The Company had insufficient working capital to continue trading beyond the short term. Should the limited funding provided by one of the directors be withdrawn or any unforeseen issues arise during the administration period, the administrators may have become liable for trading costs that could not be settled. In addition, there were concerns regarding damage to the brand if the Company was placed into administration and the business sold as a going concern following even a brief period of trading by the administrators. (Further detail on this can be found in the 'Pre-pack rationale' section).

Liquidation - This would have resulted in an immediate cessation of trading, eroding the value that remained in the business through loss of customer contracts, damage to goodwill etc. In addition, employee redundancies would result in increased preferential claims and the potential for breach of contract claims from customers, adding to the Company's liabilities. A comparison of the expected outcome from a sale in a pre-pack administration and on a break-up basis, is summarised further below.

Trading the business

The working capital position had deteriorated to the extent that it was not possible to allow for continued trading following an administration process. The formal insolvency of the Company was unavoidable, as the business was unable to meet the continued staffing and operational costs, even on a reduced basis for a short period. Attempts at a trading administration would have called for the joint administrators to have funded trading up front and, very likely, to have to give undertakings to suppliers. This would have led to the immediate absorption of any cash and credit which the Company had available to it and this would certainly, from our analysis, have led to the cessation of trading of the business immediately or almost immediately. Accordingly, a trading administration was not a viable option in this case.

Pre-pack rationale

The Company's directors and the proposed administrators considered the potential damage to the brand due to the publicity of the business trading in administration. There were concerns about the risk of immediate substantial loss in value of the brand if this were to happen. There were also concerns that such a strategy would increase the risk that the business would break up and/or key staff would leave prior to a sale being completed. In this instance, there was particular concern in the following areas:

Staff loss - The Company had recently carried out an internal restructuring and has been operating on a skeleton staff structure with just 5 members of staff. Therefore, the loss of one key member could be detrimental to continuation of the business trading.

Key customers - The risk that if the key customers failed to see continuity of the business with a new owner immediately, they may begin to make arrangements with other suppliers. The alternative scenario is that if a pre-pack sale could be put together then the customers would be presented with both the administration of the Company and, simultaneously, the solution to the businesses supply issue which a business sale to a reputable new owner brings immediately and in a seamless way.

Breach of contract claims - Customers may seek to determine if they had any claims for failure to continue to supply, which they may be able to set off against the claims which the Company has against the customers for goods already supplied.

Consequently, a pre-pack sale with an immediate solution to the causes for customers' concerns was determined to be more likely to lead to a better outcome for the Company's creditors and allow the safeguarding of jobs.

Comparative outcome

The joint administrators are satisfied that the sale of the Company's business under the terms of the pre-pack sale has resulted in the best outcome reasonably obtainable for creditors in the circumstances. The following table provides a comparative outcome as between a sale of the Company's assets

1. in liquidation, or
2. via the pre-pack sale, with or without the benefits of the earn-out provisions, which will only become relevant in certain circumstances:

Details of assets included in the pre-pack sale	Liquidation/ break up basis £	Pre-pack sale without achieving earn out £	Pre-pack sale with achieving earn out £
Plant & machinery	60,000	125,000	125,000
Office equipment	2,300	-	-
Stock	5,000	87,995	87,995
Goodwill	-	141,000	241,000
Intellectual property	-	2	2
WIP	-	1,000	1,000
Business records	-	1	1
Customer database	-	1	1
Supplier contracts	-	1	1
Debtors (excluded but shown for comparison)	75,000	125,000	125,000
Less: estimated costs	(60,000)	(150,000)	(150,000)
Total	82,300	330,000	430,000
Secondary preferential creditors	(110,000)	(110,000)	(110,000)
Funds available for unsecured creditors	-	220,000	320,000
Shortfall to unsecured creditors	(377,700)	(130,000)	(30,000)

Note: There are no charges registered against the Company.

Receivables are excluded from the sale. However, on a break-up basis there was expected to be a material reduction in the sums recoverable, which we anticipate could have been anything up to 50%. This is primarily due to the interruption of supply continuity in a break-up sale which was likely to result in breach of contract claims which could be set off against amounts due to the Company.

Our agents have advised that to achieve the break-up value of the P&M would have taken some time and additional work, which would ultimately have detracted from the value allocated here.

None of the directors had an interest in acquiring the business.

The largest creditor of the Company is Anthony Wollenberg who is also a director of the Company. Anthony Wollenberg has been very supportive of the pre-pack transaction.

Due to the risk of breach of contract claims, trade customers/creditors of the Company were not approached with regard to this transaction.

Marketing of the business and assets

A list of 13 potential purchasers, being well established companies in the vegan/ health foods sector, were identified by the directors of the Company and S&W. In addition, S&W's Corporate Finance team assisted in identifying 10 additional potential purchasers which operate in similar sectors to the Company. An anonymised teaser document was prepared and circulated to these parties as well as internally at S&W to ascertain interest levels. The anonymised teaser was further circulated to contacts at other professional firms including by Mishcon de Reya LLP, Menzies LLP, Moorfields Advisory Ltd, Hayes Solicitors LLP, Leonard Curtis, CMB Partners UK Limited and FRP Advisory Trading LLP.

As mentioned above, the proposed administrators were then obliged to cease marketing the business whilst the (ultimately aborted) potential share sale acquisition was being explored by the directors. The process then had to be resurrected at short notice for a very limited further timeframe.

Due to the decision to maintain confidentiality, no wider internet advertising of the business for sale was carried out. Additionally, it is not considered that advertising the acquisition opportunity on the internet would have converted into viable offers within the short time period available, up to the point when the Company was deemed to be unable to continue trading.

Of the potential purchasers, three parties expressed an interest in the acquisition opportunity and signed non-disclosure agreements to obtain access to the data room, which held financial information regarding the Company, and the opportunity to make queries of key management at the Company. Following the conclusion of this process, one offer was received from one of the potential purchasers, a non-connected, listed entity that invests in the natural and organic consumer brands. The original offer was in the amount of c.£72,500 which was negotiated into the finally agreed offer.

Valuation of the business and assets

Wyles Hardy & Co Ltd was appointed to provide a desktop valuation of the plant and machinery. It holds the necessary qualifications and experience and has the requisite professional indemnity insurance cover.

An independent valuation was not obtained in respect of the other assets of the business. The apportionment ascribed to the stock was in line with its book value (which would not have had any value on a break-up basis) and the figure apportioned to goodwill was the value placed on it by a purchaser.

On balance, comparing the outcome of a shut-down/liquidation scenario versus from a pre-pack sale, obtaining a further valuation of other aspects of the business was not, in the circumstances, considered fundamental to the acceptance of the eventual successful offer received from S Ventures Plc. As is always the case, the value of a loss-making business is much more based on 'what will somebody pay for it?' rather than on any sophisticated and/or formulaic calculations.

Details of the assets sold and the nature of the transaction

Purchaser and related parties

- The transaction completed on Thursday 17 February 2022;
- The purchaser is S Ventures Plc, a business publicly listed on the AQSE which invests in the health and wellness, organic food and wellbeing sectors in the UK and Europe
- The transaction is with an unconnected party;
- No directors (or former directors) are or will be, involved in the management or ownership of the Purchaser;
- The directors have not given guarantees for amounts due from the Company to a prior financier.

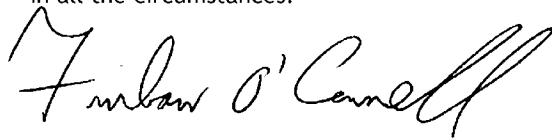
Assets

- The business and its assets, with the exception of cash at bank and debtors have been acquired by the Purchaser.

Sale consideration

- £130,000 was paid upon completion, together with the issue of 321,429 shares in S Ventures Plc to the Company in administration, to which a value of £225,000 has been ascribed for the purposes of the transaction.
- Subject to the Purchaser achieving a target level of revenue from the business following its acquisition, there is a deferred consideration element payable of £75,000 in cash and a further issue of 35,714 shares in S Ventures Plc, which will also to be admitted to trading on the AQSE if and when they are issued.
- No security has been taken as regards the deferred elements of the transaction. This is due to both elements being dependent on the earnout variable outlined above and therefore receipt of the deferred consideration is not guaranteed.
- An independent assessment will take place 10 months post-completion, to determine if the necessary target has been achieved, which will result in the deferred elements becoming due and payable.

The joint administrators confirm that the pre-pack sale of the Company's business and assets enables the statutory purpose of the administration to be achieved and that the sale price achieved was the best obtainable in all the circumstances.



Finbarr O'Connell and Clare Lloyd

Joint Administrators

Date: 18 February 2022

IX Notice of a Decision being sought by a Decision Procedure

Livia's Health Foods Limited- In Administration (the 'Company')

Registered Number - 09209224

This notice is given pursuant to Rule 15.8 of the Insolvency (England and Wales) Rules 2016 (**the Rules**).

Court details	
Court Name	High Court of Justice
Court Number	CR-2022-000451

Office-Holders' details	
Joint Administrators	Finbarr O'Connell and Clare Lloyd
Administrators' Firm Name	Smith & Williamson LLP
Date of Appointment of Joint Administrators	17 February 2022

THE PROPOSED DECISIONS

The joint administrators (**the Convener**) are seeking that the following decisions be made under Rule 15.8 by the Company's creditors by correspondence:

- 1 That pursuant to Rule 3.39 of the Insolvency (England and Wales) Rules 2016, a creditors' committee NOT be established unless a sufficient number of creditors are willing to act.
- 2 That the joint administrators' proposals for achieving the purpose(s) of the Administration, as set out in the joint administrators' Report and Statement of Proposals, be approved.
- 3 Under Rule 3.52 of the Insolvency (England and Wales) Rules 2016, and in the absence of a creditors' committee, the unpaid pre-administration costs as detailed in the joint administrators' Report and Statement of Proposals be approved.
- 4 Under Rule 18.16 of the Insolvency (England and Wales) Rules 2016 and in the absence of a creditors' committee, the remuneration of the joint administrators be fixed by reference to time properly given by them and their staff in attending to matters arising in the Administration and estimated to total £85,000, plus VAT and disbursements for the duration of their appointment as joint administrators and possibly, subsequently as joint liquidators. It was noted that further approval would be required in the event that the time costs exceed the estimate or once a significant event/milestone has been reached.
- 5 In accordance with Statement of Insolvency Practice 9, the joint administrators be authorised to draw remuneration as and when funds are available.
- 6 In accordance with Statement of Insolvency Practice 9, the joint administrators be authorised to draw Category 2 expenses in accordance with their firm's published tariff.

ENSURING YOUR VOTES ON THE PROPOSED DECISIONS ARE COUNTED

In order for votes on the Proposed Decisions to be counted, a creditor must have delivered the Voting Form accompanying this notice, together with a proof of debt in respect of their claim (unless a proof has already been submitted) to the Convener, whose contact details are below, on or before Wednesday 9 March 2022 (**the Decision Date**), failing which their votes will be disregarded.

Appeal of Convener's decision

Pursuant to Rule 15.35 of the Rules, any creditor may apply to the court to appeal a decision of the Convener. However, an appeal must be made within 21 days of the Decision Date.

Creditors' committee - nominations

In relation to the proposed decision set out above concerning the formation of a committee, in the event that creditors do wish to establish a committee, any nominations for membership of the committee must be received by the Convener by no later than, 9th March 2022, the Decision Date, and will only be accepted if the joint administrators are satisfied as to the nominee's eligibility to be a member of such committee under Rule 17.4 of the Rules. Please note that nominations for membership can be made on the Voting Form accompanying this notice.

Creditors with a small debt

Any creditor whose debt is treated as a small debt (£1,000 inclusive of VAT, or less) must still deliver a proof of debt in respect of their claim by no later than the Decision Date if they wish to vote on the Proposed Decisions.

Creditors who have opted out of receiving notices

Any creditor who has opted out of receiving notices but still wishes to vote on the Proposed Decisions is entitled to do so. However, they must have delivered a completed Voting Form, together with a proof of debt in respect of their claim (unless a proof has already been submitted) to the Convener, whose contact details are below, by no later than the Decision Date, failing which their votes will be disregarded.

Request for a physical meeting

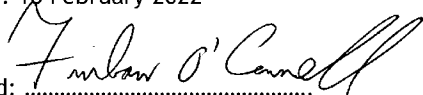
Creditors who meet certain thresholds prescribed by the Insolvency (England and Wales) Rules 2016, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may request a physical meeting to be held to consider the Proposed Decisions. However, such a request must be made in writing to the Convener within 5 business days from Tuesday 22 February 2022 and be accompanied by a proof in respect of their claim (unless one has already been submitted).

In the event that a physical meeting is convened and our fees are approved on a time cost basis (in line with any fee estimate(s)) and there are funds available in the estate, the associated costs will be charged to the estate and drawn accordingly.

Contact details

The Convener's postal address is at Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY. Any person who requires further information may contact the Convener by telephone on 020 7131 8157 or alternatively by e-mail at sarah.champion@smithandwilliamson.com

Dated: 18 February 2022

Signed: 

Convener

Voting Form (Administration)

Name of company Livia's Health Foods Limited	Company registration number 09209224
In the High Court of Justice	Court case number CR-2022-000451

Please indicate whether you are in favour or against each of the decisions set out below and return this form with a completed proof of debt form to Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, on or before **Wednesday 9 March 2022** (the **Decision Date**) in order that approval may be determined.

	Decision	In Favour (✓)	Against (✓)
1	Under Rule 3.39, that a creditors' committee should NOT be established unless sufficient, eligible creditors are willing to be members of a committee.		
2	That the Joint Administrators' proposals for achieving the purpose of the Administration, as set out in the Joint Administrators' Report and Statement of Proposals, be approved.		
3	Under Rule 3.52 of the Insolvency (England and Wales) Rules 2016 and in the absence of a creditors' committee, the unpaid pre-administration costs as detailed in the Joint Administrators' Report and Statement of Proposals be approved.		
4	Under Rule 18.16 of the Insolvency (England and Wales) Rules 2016 and in the absence of a creditors' committee, the remuneration of the joint administrators be fixed by reference to time properly given by them and their staff in attending to matters arising in the Administration and estimated to total £85,000 for the duration of their appointment as administrators and possibly, subsequently as liquidators. It was noted that further approval would be required in the event that the time costs exceed the estimate or once a significant event has been reached as detailed in the Joint Administrators' Report and Statement of Proposals.		
5	In accordance with Statement of Insolvency Practice 9, the Joint Administrators be authorised to draw remuneration as and when funds are available.		
6	In accordance with Statement of Insolvency Practice 9, the Joint Administrators be authorised to draw Category 2 expenses in accordance with their firm's published tariff.		
7	The Joint Administrators will be discharged from liability under Paragraph 98(2) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.		

Creditors' committee

Rule 3.39 of the Insolvency (England and Wales) Rules 2016 requires that where a decision is sought from creditors, it is necessary to invite creditors to decide on whether a creditors' committee should be established. The Insolvency (England and Wales) Rules 2016 also state that where the creditors decide that a creditors' committee should be established, it cannot be established unless it has at least three (and no more than five) members. Therefore, if you believe a creditors' committee should be established and have voted against the second decision above, please nominate below a creditor that is prepared to serve as a member of the creditors' committee. Please note that creditors can nominate themselves to serve on the creditors' committee. In the absence of the requisite number of creditors willing to act as members, a creditors' committee will not be formed. Information on the role of a creditors' committee can be found at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>

I wish to nominate _____ (insert name)

Representing _____ (insert name of creditor)

to be a member of the committee

Please ensure you sign and date this form before returning it (see overleaf)

Please complete the section below before returning the form

Name of creditor	
Signature for and on behalf of creditor	
Position with creditor or relationship to creditor or other authority for signature - please indicate	
Is the signatory the sole member of a body corporate?	YES / NO
Date of signing	