

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 1 1 0 1 3 8 1 7

Company name in full Herbivore Restaurants Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) David

Surname Taylor

3 Administrator's address

Building name/number Unit 8, The Aquarium

Street King Street

Post town Reading

County/Region Berkshire

Postcode R G 1 2 A N

Country

4 Administrator's name ①

Full forename(s) Paul

Surname Ellison

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Unit 8, The Aquarium

Street King Street

Post town Reading

County/Region Berkshire

Postcode R G 1 2 A N

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

7

Qualifying report and administrator's statement ^①



I attach a copy of the qualifying report



I attach a statement of disposal

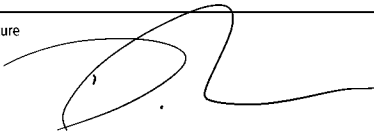
^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature



Signature date

^d

2

^d

2

^m

0

^m

6

^y

2

^y

0

^y

2

^y

3

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 | Alison Young | | | | | | |
| Company name | KRE Corporate Recovery Limited | | | | | | |
| | | | | | | | |
| Address | Unit 8, The Aquarium | | | | | | |
| | King Street | | | | | | |
| | | | | | | | |
| Post town | Reading | | | | | | |
| County/Region | Berkshire | | | | | | |
| Postcode | R | G | 1 | | 2 | A | N |
| Country | | | | | | | |
| DX | | | | | | | |
| Telephone | 01189 479090 | | | | | | |



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Herbivore Restaurants Ltd (In Administration)
("the Company")

**DOCUMENT CONTAINING THE STATEMENT OF THE JOINT ADMINISTRATORS' PROPOSALS
AS REQUIRED BY RULE 3.55(10) OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016**

The Joint Administrators are seeking a decision from creditors on the approval of the Proposals. Appendix XII to the attached Statement summarises those Proposals.

Separately, the Joint Administrators seeking certain creditors' approval of a number of proposed decisions including that the Joint Administrators' fees be fixed by reference to the time given by them and their staff in attending to matters arising in the Administration.

A statement of the pre-Administration costs is attached at Appendix III to the Proposals. Payment of any unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 of the Insolvency (England & Wales) Rules 2016 and is not part of the Statement of Proposals subject to approval under Paragraph 53 of Schedule B1 of the Insolvency Act 1986.

The affairs, business and property of Herbivore Restaurants Ltd (in Administration) are managed by the Joint Administrators, who act as agents of the Company and without personal liability.

In the High Court of Justice Reference No. CR-2023

Herbivore Restaurants Ltd (In Administration)

THE JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

David Taylor and Paul Ellison
Joint Administrators

KRE Corporate Recovery Limited

Unit 8, The Aquarium, King Street, Reading, Berkshire, RG1 2AN

01189 479090

Alison.young@kreocr.co.uk

Disclaimer Notice

- This Statement of Proposals has been prepared by David Taylor and Paul Ellison, the Joint Administrators of Herbivore Restaurants Ltd, solely to comply with their statutory duty under Paragraph 49 of Schedule B1 of the Insolvency Act 1986 and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- Any estimated outcomes for creditors included in this Statement of Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this document for any purpose or in any context other than under Paragraph 49 of Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Statement of Proposals.
- The Joint Administrators act as agent for Herbivore Restaurants Ltd and contract without personal liability. The appointment of the Joint Administrators is personal to them and, to the fullest extent permitted by law, KRE Corporate Recovery Limited does not assume any responsibility and will not accept any liability to any person in respect of this Statement of Proposals or the conduct of the Administration.

Contents

| | |
|--|--|
| <u>1. Executive Summary</u> | |
| <u>2. Background to the Company</u> | |
| <u>3. Events leading to the Administration</u> | |
| <u>4. The Objective of the Administration</u> | |
| <u>5. Events since the Joint Administrators' Appointment</u> | |
| <u>6. The Statement of Affairs and the Outcomes for Creditors</u> | |
| <u>7. The Joint Administrators' Fees</u> | |
| <u>8. The Joint Administrators' Expenses</u> | |
| <u>9. The Joint Administrators' Discharge</u> | |
| <u>10. Approval Process</u> | |
| <u>Appendix I: Definitions</u> | |
| <u>Appendix II: Statutory and Financial Information</u> | |
| <u>Appendix III: Statement of Pre-Administration Costs</u> | |
| <u>Appendix IV: SIP16 Statement</u> | |
| <u>Appendix V: Estimated Financial Position</u> | |
| <u>Appendix VI: Receipts and Payments Account</u> | |
| <u>Appendix VII: Estimated Outcome Statement</u> | |
| <u>Appendix VIII: The Joint Administrators' Fees Estimate</u> | |
| <u>Appendix IX: Breakdown of the Joint Administrators' Time Costs</u> | |
| <u>Appendix X: Charge-out Rates and Expenses Policy</u> | |
| <u>Appendix XI: The Joint Administrators' Expenses Estimate</u> | |
| <u>Appendix XII: Summary of the Joint Administrators' Proposals</u> | |

1. Executive Summary

- 1.1** This Statement of Proposals is being delivered to creditors on 22 June 2023.
- 1.2** The Company operated plant based restaurants from 3 leasehold premises, Unit G-01, 100 Liverpool Street, London EC2, Unit 8, 60 Bartholomew Close, London EC1A and Unit 1, 50-60 Station Road, Cambridge CB1. On 11 May 2023, David Taylor and Paul Ellison of KRE Corporate Recovery Limited were appointed Joint Administrators of the Company by the Director.
- 1.3** The Joint Administrators are currently pursuing the second statutory 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).
- 1.4** A summary of the current and anticipated future positions are detailed below.

Assets

| Asset | Realisations to date | Anticipated future realisations | Total anticipated realisations |
|------------------------------|-----------------------------|--|---------------------------------------|
| Customer Contracts | 1 | 0 | 1 |
| Customer Lists | 1 | 0 | 1 |
| Equipment | 2,497 | 7,503 | 10,000 |
| Goodwill and the name | 1,248 | 1,252 | 2,500 |
| Intellectual Property Rights | 1 | 0 | 1 |
| Marketing Literature | 1 | 0 | 1 |
| Records | 1 | 0 | 1 |
| Stock | 1,248 | 1,246 | 2,494 |
| Work in Progress | 1 | 0 | 1 |
| Cash at Bank | 33,059 | 0 | 33,059 |

Expenses

| Expense | Expense incurred to date | Anticipated further expense | Total anticipated expense |
|--------------------------------|---------------------------------|------------------------------------|----------------------------------|
| Joint Administrators' fees | 14,325 | 32,780 | 47,105 |
| Joint Administrators' pre fees | 19,208 | 0 | 19,208 |
| Solicitors' fees | 4,850 | 1,000 | 5,850 |
| Agents' fees | 1,500 | 0 | 1,500 |
| Pension Advisory | 0 | 2,000 | 2,000 |
| Insurance | 0 | 750 | 750 |
| All other expenses | 260 | 100 | 360 |

Dividend prospects

| Creditor class | Distribution / dividend paid to date | Anticipated distribution / dividend |
|------------------------------------|---|--|
| Secured creditor (fixed charge) | Nil | 1p in the £ |
| Secured creditor (floating charge) | Nil | Nil |

| | | |
|----------------------------------|-----|-----|
| Preferential creditors | Nil | Nil |
| Secondary Preferential creditors | Nil | Nil |
| Unsecured creditors | Nil | Nil |

1.5 The main work remaining to be done to conclude the Administration is to collect the deferred consideration, liaise with the landlord and the purchaser regarding assignment of the premises' leases, dividend to the secured creditor and complete the CDDA investigations. The Administration is expected to be concluded in c.12 months by exiting to dissolution.

1.6 Definitions of the terms used in this Proposal are provided in Appendix I.

2. Background to the Company

2.1 A detailed background of the Company can be found in our Statement of Insolvency Practice 16 ("SIP 16") report at Appendix IV of these proposals.

2.2 Statutory information on the Company and extracts from the most recent accounts are provided at Appendix II. Please note that this information has not been verified by the Joint Administrators or by KRE Corporate Recovery Limited.

3. Events leading to the Administration

3.1 A detailed background of the Company can be found in our SIP16 report at Appendix IV of these proposals.

3.2 No Moratorium under Part A1 of the Act has been in force for the Company at any time within the period of 2 years ending with the day on which it entered Administration.

3.3 Attached at Appendix III is an account of the work undertaken prior to the Joint Administrators' appointment and the costs associated with that work.

3.4 Payment of any unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 of the Insolvency (England & Wales) Rules 2016 and is not part of the Statement of Proposals subject to approval under Paragraph 53 of Schedule B1 of the Insolvency Act 1986.

3.5 On 11 May 2023, David Taylor, and Paul Ellison of KRE Corporate Recovery Limited were appointed Joint Administrators of the Company following the filing of a Notice of Appointment of Administrators by the Directors.

3.6 These proceedings are COMI proceedings.

Ethical Considerations

3.7 Prior to the Joint Administrators' appointment, a review of ethical issues was undertaken and no ethical threats were identified. A further review has been carried out and no threats have been identified in respect of the management of the insolvency appointment to date.

4. The Objective of the Administration

4.1 Administrators must perform their functions with the objective of:

- rescuing the company as a going concern;
- or if that is not possible, then achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration);
- or if that is not possible, realising property in order to make a distribution to one or more secured or preferential creditors.

4.2 The Joint Administrators would comment that due to insufficient funding the company was not in a position to continue trading and the Joint Administrators did not consider it possible to restructure the existing business or propose a Company Voluntary Arrangement.

4.3 The second objective is normally achieved by means of a sale of the business and assets as a going concern or a more orderly sales process than in liquidation. The Joint Administrators would comment that the Administration has enabled a sale of the business and assets of one of the sites to be achieved. The Joint Administrators believe that this strategy has resulted in a better result for creditors as a whole than if the Company had been placed into liquidation, as the sale price achieved would not be possible by way of a breakup sale.

4.4 A detailed account of how the Joint Administrators have sought to achieve the objective of the Administration is set out below.

5. Events since the Joint Administrators' Appointment

5.1 Immediately upon appointment, the Joint Administrators undertook a review of the Company's affairs with particular regard to its financial and resource requirements. This assessment was carried out with the remaining management of the Company.

The sale of the Company's business and assets

5.2 The Joint Administrators concluded a pre-pack sale of the Company's business and assets in relation to the site in Cambridge on 11 May 2023 for a total consideration of £15,000 to Gloriously Plant Ltd. Information relating to this sale is attached at Appendix IV. On completion £5,000 was received and the remainder is to be received by way of deferred consideration and is payable on a date six months from the date of the agreement.

5.3 The deferred consideration has been secured with a personal guarantee from the Director. The purchaser is a connected company by virtue of common directorship and ownership.

Other steps taken as regards assets

- 5.4** The Joint Administrators made immediate contact with the Company's bankers in order to freeze the Company's bank accounts and to request the transfer of any credit balances to the Joint Administrators' control. The company had a credit balance totalling £33,062, these funds have been realised in full.
- 5.5** Under the terms of the sale agreement, Gloriously Plant Limited have been granted a licence to occupy the premises which is not subject to forfeiture for a period of 3 months.
- 5.6** The rent payable for the premises will be paid by the Company in Administration, from funds provided by Gloriously Plant Limited in advance. This will continue throughout the licence to occupy period until the leases are assigned.

Steps taken as regards creditors

- 5.7** Upon the appointment of the Joint Administrators, members of the Joint Administrators' staff contacted the Company's employees to advise them of the Joint Administrators' appointment. Staff were briefed with regards to the Administration and the staff in relation to the Cambridge site were informed that a sale of the business and assets had been completed to Gloriously Plant Ltd. Staff were then informed that their employment had been transferred under TUPE and they were referred to the relevant contact from Gloriously Plant Limited.
- 5.8** As detailed in the SIP16 the company closed two of the restaurants prior to our appointment and made the staff redundant. On our appointment the Joint Administrators' staff have been assisting the Company's former employees to submit claims to the RPO.
- 5.9** The Joint Administrators' staff have handled creditors' queries as they have arisen, which has included telephone calls and correspondence.

Instruction of specialists

- 5.10** When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrators are obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed below.
- 5.11** The Joint Administrators' legal advisors advised in respect of all legal issues arising on the sale of business and assets and have been assisting the Joint Administrators with matters arising in the Administration.

- 5.12** Legal advice has been required in relation to the Company's leasehold interest. Gloriously Plant Limited was granted a licence to occupy the leasehold property of the Company on completion of the sale of business and assets whilst consent is obtained from the landlord for the assignment of the lease. The Joint Administrators have instructed their legal advisers to manage the assignment of lease and this process is ongoing.
- 5.13** To advise on appropriate legal matters and to prepare required legal documentation, the Joint Administrators instructed Field Seymour Pakes LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of Administrations.
- 5.14** In addition, Lambert Smith Hampton, a firm of chattel agents, was instructed by the Joint Administrators to undertake inventories and valuations of the Company's chattels and intangible assets where appropriate. The agents also advised on the best method of disposal of those assets and assisted in their disposal, as well as assisted with claims of retention of title and security.
- 5.15** Clumber Consultancy Limited, specialist pension advisors, will be instructed to review the Company's pension scheme, make a claim for any unpaid pension contributions from the Redundancy Payments Service and close the scheme.
- 5.16** The legal and agents fees are based upon the parties' recorded time costs incurred at their standard charge out rates and will be reviewed by the Joint Administrators' staff before being approved for payment. The pension advisory fees will be agreed on a fixed fee basis.

Investigation into the Company's affairs prior to the Administration

- 5.17** The Joint Administrators have commenced a review of the Company's trading activities in order to establish whether or not there are actions that may be taken for the benefit of the Administration and consequently to enable a report to be submitted to the Insolvency Service on the conduct of the Company's directors.
- 5.18** Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Joint Administrators as soon as they are able.

6. The Statement of Affairs and the Outcomes for Creditors

- 6.1** To date, the directors have not submitted a signed Statement of Affairs, although they are currently in the process of drafting this. The Estimated Financial Position of the Company, together with a list of creditors, is attached at Appendix V. These details have been extracted from the Company's records and therefore no warranty can be given to the accuracy of the details given.
- 6.2** In accordance with the standard format of a Statement of Affairs, no provision has been made in the Statement for the costs of the Administration.

Prospects for creditors

- 6.3** Attached at Appendix VI is the Joint Administrators' receipts and payments account for the period from 11 May 2023 to 20 June 2023.
- 6.4** Also attached at Appendix VII is an Estimated Outcome Statement, which illustrates the anticipated outcomes for creditors.
- 6.5** The Act requires administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential and secondary preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.
- 6.6** It is unlikely that there will be sufficient realisations to discharge the costs of the Administration in full and therefore the Joint Administrators envisage that there will be no resulting net property from which to deduct a prescribed part.
- 6.7** In summary, it is anticipated that there will be insufficient funds to pay a distribution to the preferential, secondary preferential or unsecured creditors.

7. The Joint Administrators' Fees

- 7.1** The Joint Administrators propose to fix their fees on the following basis:
- the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by KRE Corporate Recovery Limited at the time the work is performed;
- 7.2** Attached at Appendix VIII is the Joint Administrators' Fees Estimate. Attached at Appendix IX is a breakdown of the time costs incurred in the Administration to 20 June 2023 and the charge-out rates of the Joint Administrators and their staff are provided at Appendix X. Creditors will note from the information provided that the estimated realisable value of all assets totals £48,062 and, as described elsewhere, necessary expenses have been incurred payable to independent parties, which will need to be paid in priority to the Joint Administrators' fees. Therefore, it is anticipated that a significant proportion of those fees will not be recovered from the estate.
- 7.3** The Estimated Outcome Statement at Appendix VII provides an overview of the financial benefit that this work is expected to bring to creditors.
- 7.4** Creditors may access a Guide to Administrators' Fees at <http://thecompliancealliance.co.uk/cgfdm.pdf> or a hard copy will be provided on request.

8. The Joint Administrators' Expenses

8.1 Attached at Appendix XI are details of the expenses that the Joint Administrators expect to incur in the Administration.

8.2 Expenses fall into two categories: Category 1.

- Category 1 expenses are payments to persons providing the service to which the expense relates who are not associates of the Joint Administrators. Administrators may discharge Category 1 expenses from the funds held in the insolvent estate without further recourse to creditors.
- Category 2 expenses are payments to associates or which have an element of shared costs. Payments may only be made in relation to Category 2 expenses after the relevant creditors have approved the bases of their calculation.

8.3 Appendix VIII provides details of the bases of Category 2 expenses that the Joint Administrators propose to recover from the insolvent estate.

9. The Joint Administrators' Discharge

9.1 The Act requires that the timing of the Joint Administrators' discharge from liability will be decided by the secured and preferential creditors. The Joint Administrators propose that this discharge will take effect when their appointment ceases to have effect and a decision will be sought in respect of this.

10. Approval Process

Approval of the Statement of Proposals

10.1 Attached at Appendix XII is a summary of the Joint Administrators' Statement of Proposals. For further information on how the Company's affairs will continue to be managed, if these Proposals are approved, please refer to Appendix VIII, which sets out in detail what further work the Joint Administrators propose to undertake.

10.2 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act. Therefore, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not required to seek creditors' approval of the Statement of Proposals. Notwithstanding this, the Joint Administrators shall be required to seek a creditors' decision on whether to approve the Statement of Proposals, if it is requested by creditors whose debts amount to at least 10% of the Company's total debts. Such request must be delivered to the Joint Administrators within 8 business days from the date on which the Statement of Proposals was delivered. Security must be given for the expenses of seeking such a decision. If no decision is requested, the Statement of Proposals will be deemed to be approved pursuant to Rule 3.38(4) of the Rules.

Other Decisions

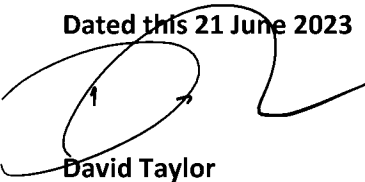
10.3 The Joint Administrators are inviting the secured and preferential creditors to decide on the following matters:

- Whether to establish a creditors' committee
- The timing of the Joint Administrators' discharge from liability
- In the event that a creditors' committee is not established:
 - The basis on which the Joint Administrators' fees shall be fixed
 - The approval of the unpaid pre-Administration costs
 - The approval of the basis of Category 2 expenses

10.4 To assist those creditors who are requested to vote on these matters, the relevant forms have been provided under separate cover.

If any creditor has any queries in relation to the above, please do not hesitate to contact either of the Joint Administrators or Alison Young, on 01189 479090 or by email to alison.young@krecre.co.uk.

Dated this 21 June 2023



David Taylor
Joint Administrator

David Taylor and Paul Ellison were appointed Joint Administrators of Herbivore Restaurants Ltd on 11 May 2023. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

Appendix I: Definitions

| | |
|----------------------------|---|
| The Act | The Insolvency Act 1986 |
| The Rules | The Insolvency (England & Wales) Rules 2016 |
| The Statement of Proposals | The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act |
| The Joint Administrators | David Taylor and Paul Ellison |
| The Company | Herbivore Restaurants Ltd (in Administration) |
| The Court | High Court of Justice |
| EBIT | Earnings before interest and tax |
| SPA | Sale & Purchase Agreement |
| RPO | The Redundancy Payments Office |
| HMRC | HM Revenue & Customs |
| ROT | Retention of Title |
| EOS | Estimated Outcome Statement |
| PP or Prescribed Part | The Prescribed Part of the Company's net property subject to Section 176A of the Act |
| QFCH | Qualifying Floating Charge Holder |
| SIP | Statement of Insolvency Practice (England & Wales) |
| TUPE | Transfer of Undertakings (Protection of Employment) Regulations |

Appendix II: Statutory and Financial Information

| | |
|--|---|
| Company name | Herbivore Restaurants Ltd |
| Previous name(s) | Not Applicable |
| Trading name(s) | Stem & Glory |
| Proceedings | In Administration |
| Court | High Court of Justice |
| Court reference | CR-2023 |
| Date of appointment | 11 May 2023 |
| Appointed by | The Director – Louise Palmer-Masterton |
| Joint Administrators | David Taylor and Paul Ellison KRE Corporate Recovery Limited Unit 8, The Aquarium, King Street, Reading, Berkshire, RG1 2AN |
| Statement required by Paragraph 100(2) of Schedule B1 of the Act | The Joint Administrators are authorised to carry out all functions, duties and powers by either one or by both of them |
| Registered office | c/o KRE Corporate Recovery Limited, Unit 8, The Aquarium, King Street, Reading, Berkshire, RG1 2AN |
| Company number | 11013817 |
| Incorporation date | 16 October 2023 |
| Company Secretary at date of appointment | Louise Palmer-Masterton |
| Directors at date of appointment | Louise Palmer-Masterton James Masterton |
| Directors' / Secretary's shareholdings | Louise Palmer-Masterton 10000505 James Masterton 3672 |

Summary Profit and Loss Account

Draft Management Accounts for year to 31/02/2023 £

| | |
|----------------|-------------|
| Turnover | 1,289,218 |
| Cost of Sales | (417,213) |
| Gross Profit | 872,005 |
| Gross Margin % | 68% |
| Other Expenses | (1,649,104) |
| Other Income | 37,165 |
| (L)/EBIT | (739,937) |

Summary Balance Sheet

| | Draft Management Accounts for year to 28/02/2023 £ | Audited Statutory Accounts for year to 31/03/2022 £ | Audited Statutory Accounts for year to 31/03/2021 £ |
|----------------------------|---|--|--|
| Tangible assets | 1,095,710 | 520,966 | 534,247 |
| Fixed assets | 1,095,710 | 520,966 | 534,247 |
| Current Assets | | | |
| stock | 29,041 | 12,876 | 4,500 |
| Rent Deposit | 90,000 | - | - |
| debtors | 32,740 | 117,860 | 73,712 |
| other | 38,373 | 16,191 | 18,509 |
| | | 146,927 | 96,721 |
| Liabilities | (1,278,923) | | |
| Trade creditors | (-) | (212,165) | (117,367) |
| Other | (-) | (376,362) | (244,030) |
| Bank | (-) | (10,719) | (1,839) |
| Liabilities over a year | (355,955) | (180,814) | (196,414) |
| Total Liabilities | (1,634,878) | (780,060) | (559,650) |
| Net Assets | (381,753) | (112,167) | 71,318 |

Appendix III: Statement of Pre-Administration Costs

On 14 April 2023 the company directors agreed with the proposed Joint Administrators that KRE Corporate Recovery Limited be paid fees for work done prior to the Administration on the basis of time costs incurred by the insolvency practitioners and their staff at their standard charge-out rates plus VAT and related expenses for the following tasks and matters that were considered to be necessary to placing Herbivore Restaurants Ltd into Administration.

Full details of the Pre-Administration tasks undertaken in this matter can be found in my SIP 16 Report at Appendix IV of these Proposals.

In conducting the above work, the following costs were incurred:

| | £ |
|---|--------|
| KRE Corporate Recovery Limited's time costs | 19,208 |
| Agents' costs | 1,500 |
| Solicitors' costs | 4,850 |

Further below is a breakdown of the time costs of the Joint Administrators and their staff incurred prior to Administration and at Appendix IX are KRE Corporate Recovery Limited's charge-out rates and bases of expenses.

All the above costs remain unpaid.

Appendix IV: SIP16 Statement



KRE Corporate Recovery Limited
Unit 8, The Aquarium
1-7 King Street
Reading
RG1 2AN

T +44 (0) 1189 47 90 90
F +44 (0) 1189 97 73 50
E info@kreocr.co.uk
W www.kreocr.co.uk

Your ref:

Our ref: HERBI

Please contact: Alison Young
Direct dial 01189 977352



TO ALL KNOWN CREDITORS

15 May 2023

Dear Sirs

Herbivore Restaurants Ltd - In Administration ("the Company")

Company No: 11013817

I write to inform you that David Taylor and I were appointed Joint Administrators of the above Company on 11 May 2023. Formal notice of the appointment is attached.

Following Statement of Insolvency Practice 16, I provide details regarding the sale of the Company's business and assets ("the Sale") and the events leading up to the Sale.

PRE-PACKAGED SALE

The Company's business and assets have been sold following a pre-packaged sale. The primary function of an Administrator is to achieve one of the objectives set out in the Insolvency Act. These are:

- 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 first being in Administration), or
- 3) Realising property in order to make a distribution to one or more secured or preferential creditors.

In this case, the statutory purpose pursued is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in Administration. This transaction enables the statutory purpose to be achieved and in my view the outcome achieved was the best available outcome for creditors as a whole in all the circumstances. I provide below an explanation and justification of why a pre-packaged sale was undertaken.

The Roles of the Insolvency Practitioners

In most cases involving a pre-packaged sale, an insolvency practitioner's firm is initially engaged by the insolvent company to help its board of directors to consider the company's options for resolving its financial difficulties and/or for arranging an orderly winding up of its affairs. If it is decided that

Directors: Robert C Keyes (IP No. 8841) | Paul W Ellison (IP No. 7254) | David R Taylor (IP No. 13790)
KRE Corporate Recovery Limited (No 12645353) registered in England and Wales | Registered Office: Unit 8, The Aquarium, 1-7 King Street, Reading RG1 2AN

© Resources for IPs LLP 2022

All Directors of the firm are authorised to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England & Wales
Directors and staff acting as Administrative Receivers and Administrators act as agents of the company over which they are appointed and contract without personal liability

A copy of our Privacy Statement can be found at www.kreocr.co.uk

an administration is appropriate, the company may then instruct the insolvency practitioner's firm to assist the company or its directors to issue the statutory notices to commence the process and to assist the company to take steps towards selling its business and assets to achieve the best available outcome for creditors as a whole in all the circumstances. Once appointed as administrator, the role of the insolvency practitioner is to manage the company's affairs, business and assets with the objective of achieving a statutory purpose of an administration. In the event of a pre-packaged sale, this involves concluding a sale of the business and/or assets shortly after the administration has begun. When instructed to advise the company before administration, the insolvency practitioner makes it clear that their role is not to advise the directors personally or any parties connected with any potential purchaser, who should be encouraged to take independent advice.

In this case, prior to commencement of the Administration, KRE Corporate Recovery Limited acted as advisors to the Board of Directors in relation to the options for the Company. For the avoidance of doubt, neither KRE Corporate Recovery Limited nor its insolvency practitioners advised the directors personally or any parties connected with the purchaser, who were encouraged to take independent advice. At all times prior to Administration, the Board of Directors remained responsible for and in control of the Company's affairs.

During this time, the insolvency practitioners of KRE Corporate Recovery Limited took their own steps to prepare for their potential appointment as Joint Administrators. At this point, there were clear advantages in looking to sell the Company's business and assets swiftly on appointment, as this strategy would significantly reduce the ongoing costs of securing and maintaining the business and assets and it would avoid the substantial risks that the value and continued viability of the business and assets would deteriorate due to the commencement of a formal insolvency regime. Therefore, the insolvency practitioners, with the assistance of professional and independent agents, considered the most effective method of securing a sale representing the best outcome for creditors as a whole and negotiated with parties interested in acquiring the business and assets of the Company to a point whereby a sale could be concluded shortly after the Administration had commenced.

Following KRE's formal engagement and due to potential pressure from HMRC, the Company filed a Notice of Intention to appoint Administrators ("NoI") on 19 April 2023 and the Company were advised by the proposed Administrators to ensure no creditors were made worse off during the period covered by the NoI. As detailed later in this report, a further NoI was filed on 2 May 2023.

Immediately on their appointment, the Joint Administrators, as officers of the court and as agents of the Company, took over from the Board the responsibilities of managing the affairs, business and property of the Company. In the interests of the creditors as a whole and mindful of the need to achieve a statutory purpose of an Administration, they concluded the Sale.

Ethical Considerations

Insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The Joint Administrators observed the Code in all their activities both prior to and after their appointment.

Prior to the Joint Administrators' appointment, a review of ethical issues was undertaken and no ethical threats were identified.

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrators are obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed below.

Initial Introductions

The Company's directors were referred to KRE Corporate Recovery Limited by Mike Tibbetts of the CFO Centre in November 2022 initially our introduction was to provide the director with the options available to them, at this point the directors explored other option available to them and our involvement ceased. On the 13 April 2023 the directors contacted KRE as the Company believed it was going to be unable to meet the payroll at the end of the month and was consequently deemed to be insolvent.

Pre-appointment Matters

In addition to advising on the Company's options, our advice covered marketing the business and assets, it also involved negotiating and agreeing the contract to be completed following the Joint Administrators' appointment. The Joint Administrators intend to seek to have these fees approved and paid.

The letter engagement letter issued to the directors of the Company on 17 April 2023.

The Company operated plant based restaurants from 3 leasehold premises, Unit G-01, 100 Liverpool Street, London EC2, Unit 8, 60 Bartholomew Close, London EC1A and Unit 1, 50-60 Station Road, Cambridge CB1.

The company ceased trading from Unit G-01, 100 Liverpool Street, London EC2, Unit 8, 60 Bartholomew Close, London EC1A and all staff were made redundant on 1 May 2023.

The directors advised that the Company had become insolvent due to the following factors:-

The company was founded in October 2017 by Louise Palmer-Masterton to provide a vegan restaurant in Cambridge. At the time there were no vegan restaurants in Cambridge, and very few elsewhere. Louise, a long-term vegan had never been able to find the sort of restaurant she wanted to dine in, and founding Stem & Glory was in response to this.

At the time of founding Stem & Glory Louise had more than 30 years' experience in business and was a well-known Cambridge entrepreneur, having run a multi-site leisure business for many years, and previously a media production business.

The first Stem & Glory was launched in 2017 after a very successful crowdfunding campaign, raising £97,000. The launch of the restaurant was a great success, and the brand grew quickly. Louise knew that they were on to something and decided to try and raise money to launch a flagship store in London. Although London had more vegan restaurants, it was in her view very underserved and there was a burgeoning vegan movement in London.

In January 2018 Louise was selected to participate in a programme by Virgin Startup called 'Crowdboost'. The programme was an accelerator to get businesses ready to raise on Crowdcube (a crowdfunding platform). Louise's participation in the programme was very successful, and Stem & Glory was the first of their cohort to launch.

The equity raise on Crowdcube was launched in March 2018, and it reached its £350k target in less than 5 hours, going on to raise £517k in exchange for 24% equity in under 3 weeks. Stem & Glory was a massive success story at this time - it had been the fastest restaurant crowdfund in history.

Stem & Glory selected a site in the City of London in a beautiful new municipal square near Barts Hospital. The London site opened very successfully in January 2019 and had been open for a full cycle of a year when Covid hit, and both sites had to close.

The business survived through Covid, even managing to raise additional investment, using funds to undergo a rebrand and developing a retail ready meal range. During the final lockdown, Stem & Glory tested the ready meal range sending meals all over the UK, which was also a very successful.

During the Covid lockdowns Stem & Glory agreed to move to a larger site in Cambridge near the train station, with the landlord providing £125k of capital, and they were awarded a further equipment grant of £40k from the local authority. Stem & Glory was also in discussion at this time with British Land about a prime site at London's Liverpool St, with the landlord agreeing a capital contribution of £250k towards the fit out.

The new Cambridge site opened just after the final lockdown ended, and both London and Cambridge sites were trading extremely well Jun-Nov 2021, seeing a good level of profit, giving the brand confidence to commit to the Liverpool St site. Louise signed the agreement to lease in July 2021.

Louise put together another crowdfund for this third site, filming the video and getting everything ready to launch in Dec 2021.

The problems started for the brand when Omicron hit in Dec 2021. Whereas previously businesses had been supported through Covid, this wasn't the case any more, and both sites took a substantial hit in Dec 2021 and Jan 2022. Things got back on track again in Feb and Mar 2022, but then what happened from April 2022 was completely devastating for the business.

The brand had finally launched its Crowdfund for the Liverpool St site, but it was slow going and although raised more than £500k, in reality with all that was about to happen, they needed to raise double that. The investor landscape was already more challenging than it had been previously.

As well as the forthcoming commitment of a third site, from April 2022 there began a huge escalation in costs to the business - ingredient costs started soaring, energy prices started going

even higher than they already were, staff were demanding more pay due to the cost of living crisis, and consumer numbers started to wane.

Between August 2021, when the business committed to the lease on the third site, and when they got on site to start building our third site in June 2022, the cost of the Liverpool St project had increased by more than £220,000. The project was then beset with delays and difficulties the scale of which was huge, and a further £200k in unforeseen costs accumulated. Through herculean effort the site did manage to get open in November 2022, and was then beset with operational difficulties due to the extraction and ventilation not having been installed properly, and the site had to close multiple times for staff welfare and again for additional works. The brand had never before seen such issues on a fit-out project and was not prepared for the financial risk that came with this. Their previous two sites had completed on time and on budget.

In the aftermath of the Covid pandemic and then the many rail strikes, numbers at the two City of London sites continued to be volatile. The new Liverpool St site did not establish as anticipated in the business plan, although as of April 2023, numbers were picking up and there were multiple record days across the business.

Between signing the agreement to lease for the third site and its eventual opening, the hospitality trading landscape had completely changed. All sites were hit by soaring energy costs, reaching more than £7,000 a month at its peak (previously energy bills were £1,600 a month).

The business had been awarded a £500,000 recovery loan by the Greater London Investment fund (GLIF) to help cover the additional project costs at its third site. The first tranche of £250k was drawn down in July 2022, but unfortunately when it came to draw down the second tranche (£250,000) GLIF would not award it as the business performance was below that which were predicted in the forecasts. The business was literally being hit from all sides.

The business was successful in raising some additional investment and had been in conversation with institutional investment about larger investment and/or full/ partial buyout. These conversations were positive and ongoing for nearly a year, but the landscape for hospitality remained unattractive to many investors.

There had been considerable cost cutting in the business to stem the losses, and the business was successful in tendering some of its main suppliers which bought its GP margins back into balance. But as the business tackled these issues, other issues would arise. Food costs were incredibly volatile throughout the whole of the period from April 2022 to present.

Bearing in mind the business was really still recovering from the Covid era when these additional pressures arose, and the additional cost escalations were too much to bear.

By April 2023, in spite of ongoing investor interest in the brand, it became clear that investment wouldn't land in time to meet urgent commitments, and unfortunately the directors could not see a way to continue.

At that point the business appointed advisors to explore a sale of the entire business. The business put together a list of potential interested parties through its hospitality trade contacts, but unfortunately no offers to buy the entire business were forthcoming. In the absence of any offers, in order to save as many jobs as possible, the founder put forward an offer for the Cambridge site only, and the brand IP.

The Company granted the following security:

| <u>Type of security</u> | <u>Name of charge-holder</u> | <u>Date of creation of security</u> |
|---------------------------|---|-------------------------------------|
| Fixed and Floating Charge | Glif Ltd LP Acting by its General Partners Glif Ld Gp Ltd | 21 July 2022 |

By 13 April 2023, it had become apparent that the Company required funding above the level available to it by its bank and neither the Company nor its investors were in a position to advance the necessary funding in order to pay wages due on 2 May 2023 together with a payment due to HMRC of c£20,000.

The options listed below were considered with the directors.

Continuing to trade outside insolvency or through a Moratorium

The Company had exhausted its available cash resources and its cash constraints were impacting on its ability to continue trading.

The Company's shareholders and bank confirmed that they were not able to provide the level of additional funding necessary to support the Company to trade, and therefore this option was not viable.

Company Voluntary Arrangement ("CVA")

Although a CVA would have given the Company some immediate relief from creditor pressure, without securing additional funding, the directors were not confident that the Company would be successful in trading through its difficulties.

Liquidation

The possibility of placing the Company into Liquidation was considered. However it was decided that this was not the best course of action to take, as issuing notices initiating the liquidation process would have damaged the Company's ability to continue to trade and it would have been likely that all staff would have been made redundant leading to an increase in the level of creditors. There would also have been no realisation for goodwill and debtor realisations would have been greatly affected.

Pre-packaged Administration Sale

A pre-packaged sale enabled the transfer of some of the employees and potentially the leases on one of trading premises. It also secured realisations in respect of goodwill and resulted in an increased realisation of the Company's residual stock.

The Joint Administrators' Options on Appointment

Immediately prior to appointment, the proposed Joint Administrators had considered whether the first Administration purpose might be achieved by continuing to trade the business within Administration in order that a proposal for a CVA might be put to creditors. However, it was considered that trading the business during the Administration could not continue, as the Company

had insufficient finance in order to do so and it was not clear that the business would trade profitably. For these reasons also, the Joint Administrators considered it would not be in the interests of creditors as a whole to continue to trade the business in Administration in the short term with a view to exploring whether the existing offer for the purchase of the business and assets could be improved upon.

The Company's major creditor was the debenture holder, Glif Ltd LP, whose indebtedness totalled £276,171. The debenture holder was consulted with regards to the proposed transaction and no consultation was undertaken with unsecured creditors.

Marketing of the Business and Assets

The directors were asked to provide information on any parties, of which they were aware, who would be interested in purchasing the business and assets of the Company. As detailed below, parties were provided by the director.

The directors were asked to advise of any marketing conducted by the Company prior to approaching KRE Corporate Recovery Limited for advice and we were advised that none had been undertaken by the Company.

The Marketing Strategy

A sales flyer was prepared and sent out as an e-shot under a project name together with a Non-Disclosure Agreement on 20 April 2023. The business was marketed to potentially interested parties from KRE's database of circa c500 parties and Lambert Smith Hampton's ("LSH") database of c18,000 parties. We also sent the e-shot to 27 potential interested parties that the director provided, all of whom had involvement in the restaurant industry. We initially requested interested parties to provide expressions of interest by 25 April 2023, with a view to complete the week commencing 1 May 2023. I was satisfied that this length of marketing achieved the best available outcome for creditors as a whole in all the circumstances.

The marketing effort led to the return of 5 signed non-disclose agreements. We provide these parties with additional information relating to the company. No offers were received from the parties for the business and assets.

At this time and in the absence of any external interest, the Director, Louise Palmer-Masterton, expressed an interest in acquiring part of the business. Consequently a second Notice of Intention to appoint Administrators was filed on 2 May 2023 to enable us to explore this option.

Louise Palmer-Masterton though her new company Gloriously Plant-Based Ltd, a connected company by way of its common director and person of significant control, submitted an offer for the business and assets of the one remaining site in Cambridge on 3 May 2023.

Valuation of the Business and Assets

LSH were instructed on 5 May 2023 to provide a valuation of the company's Restaurant & Kitchen Equipment. They confirmed their independence, are qualified by the Royal Institute of Chartered Surveyors and have adequate professional indemnity insurance.

Their valuation was received on 9 May 2023 and is detailed below:-

| | Forced Sale £ | Going Concern £ |
|------------------------------------|--------------------------|----------------------------|
| Assets Specifically Pledged | | |
| Restaurant & Kitchen Equipment | 6,500 | 14,520 |

A going concern valuation reflects the estimated amount for which the assets could be sold as a whole in their working place. The forced sale basis reflects a sale whereby the assets are removed from the premises at the expense of the purchaser. The Joint Administrators considered the bases of the valuations appropriate, as they were able to consider offers with the objective of selling the business and assets as a going concern, but it was also necessary to understand what the assets might realise in the event that sale negotiations deteriorated and a forced sale of the assets became a real possibility.

The sale price achieved for the business and assets is detailed below but was slightly in excess of the going concern valuation although a portion of the consideration is deferred for 6 months. In the absence of an alternative offer, the offer received was deemed acceptable.

The Transaction

The purchaser and related parties

A sale of the business and assets was completed on 11 May 2023 to Gloriously Plant-Based Ltd.

Louise Palmer-Masterton, who was a director of the insolvent Company, is a director and shareholder of Gloriously Plant-Based Ltd.

The transaction is between the insolvent Company and Gloriously Plant-Based Ltd only and does not impact on any related companies.

Louise Palmer-Masterton, a Company director, had given guarantees for amounts due from the insolvent Company to the prior financier, Glif LD LP Acting by its General Partner Glif LD GP Ltd, and to my knowledge that financier is not financing the new business.

In addition Louise Palmer-Masterton had provided a personal guarantee to Armada Finance in respect of kitchen equipment in the two closed sites.

The assets

The Sale included the assets listed below and was completed by means of a sale and purchase agreement.

The sale consideration

The sale consideration totalled £15,000 and required £5,000 to be paid on completion and the remainder to be paid six months from the date of the agreement.

The sale consideration has been apportioned to the following asset categories:-

| | |
|--------------------|----|
| Customer Contracts | £1 |
|--------------------|----|

| | |
|------------------------------|---------|
| Customer List | £1 |
| Equipment | £10,000 |
| Goodwill and the Names | £2,500 |
| Intellectual Property Rights | £1 |
| Marketing Literature | £1 |
| Records | £1 |
| Stock | £2,494 |
| Work in Progress | £1 |

The validity of the charges has yet to be verified, however the apportionment above has been reached by reference to the charge documents and in consultation with the agents

The following were excluded from the Sale.

- All cash in hand or at any bank or other financial institution and all cheques, bills or other negotiable instruments.
- The Debts and all securities for the same included cheques bills of exchange promissory notes and other negotiable instruments given to the Seller in payment or satisfaction of such debts.
- The Cambridge Premises (including any landlord's fixtures and fittings therein).
- The Leased Equipment.
- The Records, Administrators' Records and the Statutory Books.
- The ROT Stock.
- The Third Party Assets.
- The benefit of any refunds in relation to the Cambridge Business Premises (including but not limited to business rates).
- The benefit of any actual or potential claim (including any claim under any policies of assurance, insurance, indemnity or trade credit insurance) or against any Employee or former employee of the Seller.
- The benefit of any claim made or to be made by the Seller for repayment of any tax or tax allowance.
- All other assets of the Seller save for those specifically agreed to be purchased under this Agreement.

Sale consideration of £5,000 was received on completion and the remainder is to be received by way of deferred consideration and is payable on a date six months from the date of the agreement.

The deferred consideration has been secured by way of a personal guarantee from the purchaser's director, Louise Palmer-Masterton.

There were no options, buy-back arrangements or similar conditions attached to the contract of sale.

A licence to occupy was granted in respect of 50/60 Station Road, Cambridge CB1 2JH for a period of 3 months whilst negotiations with the landlord of the property are progressed.

The Sale is not part of a wider transaction.

Connected Person Transactions

Viability statement

A viability statement was requested from the purchaser, but one was not provided.

The Evaluator's Report

Regulations require connected persons who are proposing to purchase all or a substantial part of the business or assets of a company via a pre-pack to obtain a report from an independent party called an evaluator.

I attach a copy of the evaluator's report.

OTHER MATTERS

The effect of the Administration is to provide protection to the Company and prevent any creditor taking action against it. During the period of the Administration, the Company cannot be wound up, no Administrative Receiver can be appointed, nor can any creditor enforce security, repossess goods, commence or continue legal action without consent of the Joint Administrators or the permission of the Court.

The Joint Administrators will manage the affairs, business and property of the Company. The Joint Administrators are neither personally adopting any contracts that may have been entered into by the Company, nor are they personally liable in any way in respect of them.

Until it is clear that a dividend will be paid, the Joint Administrators will not take steps to agree creditors' claims and, in order to avoid incurring unnecessary costs, they do not intend to respond to routine queries. However, it would assist with the preparation of an accurate statement of the Company's affairs if you will forward a statement of your account made up to 11 May 2023. If you intend to claim a lien, retention of title or any other form of security, you should advise me of your claim immediately in writing and forward any relevant supporting documents.

As part of our duties as Joint Administrators, we shall be investigating what assets the Company held and what recoveries may be made for the benefit of creditors, as well as the manner in which the Company's business was conducted. These enquiries include the investigation into any potential claims, if any, that may be brought against third parties. Accordingly, should you have any information which may be relevant, please contact me as soon as possible. A short questionnaire has been enclosed, which may assist you in this regard.

VAT Bad Debt relief is now available in respect of all debts on supplies made on or after 1 April 1989, for which VAT was charged and accounted for to HM Revenue and Customs, which has been outstanding for a period of six months and is written off in the accounts. No further documentation is required.

FURTHER INFORMATION

Almost all future communications to creditors in general will be uploaded to our website without further notice to creditors. The enclosed notice explains how you may access future correspondence issued by the Joint Administrators to creditors generally. Also enclosed is an explanation of how creditors may opt out of receiving almost all future communications to creditors in general.

Please also note that, should the Joint Administrators need to communicate with you about your specific circumstances or requests, they will do this directly and not via the website.

"A Creditors' Guide to Administrators' Remuneration" is available to download at www.krecr.co.uk/creditors. Should you require a paper copy, please send your request in writing to the Joint Administrators. A copy will be provided at no cost.

As required by the Insolvency Act 1986, the Joint Administrators will prepare proposals which will be uploaded to the website within eight weeks of the commencement of the Administration. If appropriate, a meeting of creditors will be convened. At that stage, creditors may choose to form a Creditors' Committee. For information on the rights, duties and the functions of Committees, go to <http://thecompliancealliance.co.uk/cgic.pdf>.

Should you wish to know more about the insolvency process in general, I recommend that you visit www.creditorinsolvencyguide.co.uk.

Please contact Alison Young on 01189 977352, should you have any queries.

A privacy notice as required by data protection legislation is available at www.krecr.co.uk/provacu-

Please note the Joint Administrators act as agents of the Company and contract without personal liability.

Yours faithfully

For and on behalf of

Herbivore Restaurants Ltd



David Taylor

Joint Administrator

Enc. Notice of appointment
 Proof of debt
 Creditors' questionnaire
 Opting-out Information
 Notice of General Use of Website

The affairs, business and property of Herbivore Restaurants Ltd (in Administration) are managed by the Joint Administrators, who act as agents of the Company and without personal liability.

Evaluators Report on proposed pre-packaged sale involving Herbivore Restaurants LTD and Louise Palmer-Masterton Gloriously Plant-Based Ltd, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Herbivore Restaurants LTD are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Gloriously Plant-based Ltd.
2. The Applicant is a connected party to Herbivore Restaurants LTD as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Herbivore Restaurants LTD.
3. The relevant property subject to the substantial disposal is stated to be:

For the assets of Stem & Glory Cambridge - including kitchen equipment, furniture, fixtures and fittings All IP and trademarks for brand Stem & Glory. Other assets as follows: Planters currently located at Stem & Glory Broadgate All branded assets at Stem & Glory London Barts and London Broadgate - company uniforms, take away packaging, books and branded merchandise Perishable food and drink stock at Stem & Glory London Barts and London Broadgate. Robot Coupe & Vitamix from Broadgate

4. The consideration for this substantial disposal is stated to be:

£15,000

5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Herbivore Restaurants LTD or Gloriously Plant-based Ltd and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: American International Group UK Ltd, The AIG Building, 58 Fenchurch Street, London, EC3M 4AB.

Insured: Pre Pack Pool Ltd.

Policy number: 34601784

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: Territorial Exclusion, Cyber Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

The restaurant sector is, and has been, under significant stress so it is no surprise that this business has been suffering. There would be, no doubt, a poor outcome for the investors and the lenders, however, there appears to be no alternative other than liquidation. The offer is small and for only one part of the business, the Cambridge restaurant. The offer of £15,000 seems reasonable under the circumstances and the assets have been valued at some £6,000. The business has been professionally marketed with only marginal interest but no offers. The restaurant gets good reviews from customers (4.5 on trip advisor, 4.4 on Facebook and similar standards elsewhere) and has a modern web site with a good menu. Whether the business can be turned into a viable one is debatable but the new owners would be committed to its success. The Cambridge staff will be retained which is worth the pre-pack and ongoing uninterrupted operations may give it the best chance of survival. It is therefore my opinion that it is not unreasonable to proceed.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Case application Case information Profit and loss Feb 2023 Conversation with David Taylor Web searches inc LinkedIn. TripAdvisor, Companies house etc.

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Gloriously Plant-Based Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Alec Sanderson For and on behalf of Pre Pack Pool Ltd.

Date 05-05-2023

Appendix V: Estimated Financial Position

Herbivore Restaurants Ltd

Company Registered Number: 11013817

Estimated Statement Of Affairs as at 11
May 2023

| A - Summary of Assets | | |
|---|-----------------|------------------------------|
| Assets | Book Value £ | Estimated to Realise £ |
| Assets subject to fixed charge: | | |
| Goodwill | | 2,500.00 |
| Intellectual Property | | 1.00 |
| Gilf Ltd LP | | (276,171.00) |
| Deficiency c/d | | (273,670.00) |
| HP Asset (1) | 93,399.00 | NIL |
| Armada | | (18,454.00) |
| Deficiency c/d | | (18,454.00) |
| Assets subject to floating charge: | | |
| Uncharged assets: | | |
| Leasehold Property (1) | 988,578.00 | NIL |
| Furniture & Equipment | 13,733.16 | 10,000.00 |
| Stock | 25,845.19 | 2,494.00 |
| WIP | 1.00 | 1.00 |
| Customer Contracts and List | 2.00 | 2.00 |
| Marketing Literature | 1.00 | 1.00 |
| Records | 1.00 | 1.00 |
| Cash at Bank | 8,828.75 | 33,059.27 |
| Rent | 90,000.00 | NIL |
| Estimated total assets available for preferential creditors | | 45,558.27 |

Signature _____ Date _____

Herbivore Restaurants Ltd
Company Registered Number: 11013817
Statement Of Affairs as at 11 May 2023

A1 - Summary of Liabilities

| | | Estimated to Realise £ |
|---|------------|------------------------------|
| Estimated total assets available for preferential creditors (Carried from Page A) | | 45,558.27 |
| Liabilities | | |
| Preferential Creditors:- | | |
| DE Arrears & Holiday Pay | 52,715.10 | 52,715.10 |
| Estimated deficiency/surplus as regards preferential creditors | | (7,156.83) |
| 2nd Preferential Creditors:- | | |
| HM Revenue & Customs - PAYE | 218,308.12 | 218,308.12 |
| Estimated deficiency/surplus as regards 2nd preferential creditors | | (225,464.95) |
| Debts secured by floating charges pre 15 September 2003 | | |
| Other Pre 15 September 2003 Floating Charge Creditors | | NIL |
| | | (225,464.95) |
| Estimated prescribed part of net property where applicable (to carry forward) | | NIL |
| Estimated total assets available for floating charge holders | | (225,464.95) |
| Debts secured by floating charges post 14 September 2003 | | |
| Deficiency b/d | 273,670.00 | 273,670.00 |
| Estimated deficiency/surplus of assets after floating charges | | (499,134.95) |
| Estimated prescribed part of net property where applicable (brought down) | | NIL |
| Total assets available to unsecured creditors | | NIL |

Signature _____ Date _____

Herbivore Restaurants Ltd
Company Registered Number: 11013817
Statement Of Affairs as at 11 May 2023

A1 - Summary of Liabilities

| | | Estimated to Realise £ |
|--|--------------|------------------------------|
| Shortfall to preferential creditors/F.C's pre 15 Sept 2003 (brought down) | | 225,464.95 |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | | |
| Deficiency b/d | 18,454.00 | |
| Trade & Expense Creditors | 475,264.22 | |
| Employees | 85,469.71 | |
| landlords | 268,567.74 | |
| Directors | 34,877.14 | |
| Banks/Institutions | 37,877.46 | |
| Pension | 5,183.59 | |
| | | 925,693.86 |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003) | | (1,151,158.81) |
| Shortfall in respect of F.C's post 14 September 2003 (brought down) | | 273,670.00 |
| Estimated deficiency/surplus as regards creditors | | (1,424,828.81) |
| Issued and called up capital Ordinary Shareholders | 1,231,832.75 | |
| | | 1,231,832.75 |
| Estimated total deficiency/surplus as regards members | | (2,656,661.56) |

Signature _____ Date _____

KRE Corporate Recovery Limited
Herbivore Restaurants Ltd
Company Registered Number: 11013817
B - Company Creditors

| Key | Name | Address | £ |
|------|---|--|-----------|
| CA00 | ACA Acoustics Limited | 12 Sheep Street, Highworth, Wiltshire, SN6 7AA | 2,280.00 |
| CA01 | Afroditi Krassa Ltd | 24 Eton Avenue, London, NW3 3HL | 22,880.34 |
| CB00 | Berkmann | 104D St. John Street, Clerkenwell, London, EC1M 4EH | 6,032.12 |
| CB01 | Betternations Ltd | 160 Kemp House, City Road, EC1V 2NX | 2,691.63 |
| CB02 | Bidfood | Unit 5a Crowland Business Park, Foul Lane, Southport, PR9 7RS | 5,723.49 |
| CB03 | British Land Property Services Ltd | York House, 45 Seymour Street, London, W1H 7LX | 8,287.26 |
| CB04 | Broadgate Estates Limited | York House, 45 Seymour Street, London, W1H 7LX | 33,051.48 |
| CC00 | CAMBRIDGE BEE LTD | 184 Mill Rd, Cambridge, CB1 3LP | 840.00 |
| CC01 | Cambridge City Council | The Guildhall, Market Square, Cambridge, CB2 3QJ | 971.55 |
| CC02 | Citigen London Limited | Westwood Way, Westwood Business Park, Coventry, CV4 8LG | 11,742.50 |
| CC03 | City Of London | City Revenues - Chamberlain's Department, City of London, EC2P 2EJ | 2,225.00 |
| CC04 | Contego Environmental Services Limited | 4 Maple Way, Aycliffe Business Park, Newton Aycliffe, Durham, DL5 6BF | 1,178.08 |
| CC05 | COURT CATERING EQUIPMENT LTD | Units 1 & 2 Acton Vale Ind Park, Cowley Road, London, W3 7XA | 2,389.52 |
| CC06 | CREATIVE COATINGS LIMITED | 7 Benner Road, South Holland Ent Park, Spalding, Lincolnshire, PE11 3TZ | 3,110.79 |
| CC07 | Cushman & Wakefield | 1 Colmore Square, Birmingham, B4 6AJ | 54,256.08 |
| CD00 | Design LSM Ltd | 93 Islingword Road, Brighton, East Sussex, BN2 9SJ | 4,295.00 |
| CD01 | Design My Night t/a WFL Media Ltd | The Old School, Stratford St.Mary, Colchester, Essex, CO7 6LZ | 624.96 |
| CE00 | Ecotricity | Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY | 7,702.57 |
| CE01 | EDF Energy | 90 Whitfield Street, London, W1T 4EZ | 15,348.96 |
| CF00 | FIELD TO FORK PRODUCE LTD | 890 Garratt Lane, London, SW17 0NB | 1,010.15 |
| CF01 | Fisher & Wood | Units 12-14 Carlton Place, Shire Hill, Saffron Walden, Essex, CB11 3AU | 2,590.67 |
| CF02 | Foodsteps Ltd | 6th floor, Office 6.11, Fora, 21-33 Great Eastern Street, London, EC2A 3EJ | 1,056.00 |
| CG00 | GIG APP LTD. | 11 BEAVOR LANE, LONDON, W6 9AR | 449.88 |
| CG01 | Gravity Design Assocites Limited | Old Bank Court, Morocco Street, London, SE1 3HB | 1,680.00 |
| CJ00 | Julian Church & Associates Ltd | 12 Bath Place, Worthing, West Sussex, BN11 3BA | 9,000.00 |
| CL00 | LA TUA PASTA | Unit 4 Nucleus Park, NW10 7XT | 4,197.53 |
| CL01 | Loud and Clear Audio Visual Installations Ltd | 29 GILDREDGE ROAD, EASTBOURNE, EAST SUSSEX, BN21 4RU | 4,146.00 |

Signature _____

KRE Corporate Recovery Limited
Herbivore Restaurants Ltd
Company Registered Number: 11013817
B - Company Creditors

| Key | Name | Address | £ |
|----------------------|-----------------------------------|--|------------|
| CL02 | Luminet Solutions Ltd | G.06 Wenlock Studios, 50-52 Wharf Road, Islington, London, N1 7EU | 3,088.98 |
| CL03 | LWC | Units 5-7, Perth industrial estate, Slough, SL1 4XX | 1,284.83 |
| CM00 | Mabinogi Productions Ltd | 29 Clive Place, Penarth, The Vale of Glamorgan, CF64 1AW | 1,485.00 |
| CM01 | Morepour LTD | Unit 1a Finns Farm, Smalls Hill Rd, Norwood Hill, Horley, RH6 0HR | 2,450.22 |
| CO00 | Oxwash Ltd | Roger House, Osney Mead, Oxford, OX2 0ES | 477.25 |
| CP00 | Pig's Ears Beers Ltd | Unit 5&6 Ridge Farm, Rowhook, Horsham, RH12 3QB | 525.89 |
| CP01 | Planday Limited | 17 St Helen's Pl, London, EC3A 6DG | 280.14 |
| CP02 | Plant Plan Ltd | Quartz House, Quartz Close, Enderby, Leicester, LE19 4SG | 826.02 |
| CP03 | PPL PRS Ltd | Mercury Place, St. George Street, Leicester, LE1 1QG | 1,426.57 |
| CR00 | Realhurry Limited | Dolphin House, South Way, SP10 5AG | 15,688.27 |
| CR01 | RealHurry Ltd | Dolphin House, South Way, SP10 5AG | 140,888.20 |
| CR02 | Reco-Air Manufacturing Ltd | Newmarket 24, Centrix, Keys Park Road, Cannock, Staffs, WS12 2HA | 18,717.60 |
| CS00 | Smith & Brock | Unit 1, Deptford Trading Estate, Blackhorse Road, London, SE8 5HY | 19,061.63 |
| CT00 | The FD Centre Limited | Ground Floor, Barbury House, Stonehill Green Business Park, Bentham, SN5 7HB | 2,820.00 |
| CT01 | The Tea and Gang | PO Box 1324, CB1 0AU | 728.00 |
| CT02 | Total Clean | 45 Welbeck Street, W1G 8DZ | 16,621.40 |
| CT03 | Total Clean Cambridge | CB1 Business Centre, CB2 1GE | 3,010.16 |
| CV00 | Virgate Accounts Ltd | 1st Floor, Olympus House, Quedgeley, Gloucester, GL2 4NF | 2,182.50 |
| CV01 | Virgin Start Up Limited | The Battleship Building, 79 Harrow Road, London, W2 6NB | 12,400.00 |
| CW00 | William Murray Communications Ltd | 34-40 High Street, Wanstead, London, England, E11 2RJ | 16,800.00 |
| CY00 | Yourvacancy Ltd | Crispin Lofts New York Road, Leeds, LS2 7PF | 3,840.00 |
| CY01 | Yumpingo Limited | 5 Technology Park, Colindeep Lane, Colindale, London, NW9 6BX | 900.00 |
| 49 Entries Totalling | | | 475,264.22 |

Signature _____

Schedule of Secured Creditors

Secured Creditors

| Secured creditor's name and address | Amount of claim (estimated) | Details of security | Date security was given | Value of security (per Statement of Affairs) |
|--|------------------------------------|----------------------------|--------------------------------|---|
| Glif Ld LP | £276,171 | Fixed and Floating | 21/07/2022 | £276,171 |

| Creditor Group | Number of creditors in group | Total amount of claims (estimated) |
|--|-------------------------------------|---|
| Employees, former employees and Director | 44 | 138,184 |
| Consumers claiming amounts paid in advance for the supply of goods and services and individual creditors | - | - |

Appendix VI: Receipts and Payments Account

Herbivore Restaurants Ltd
(In Administration)
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

| | Statement of affairs £ | From 11/05/2023 To 22/06/2023 £ | From 11/05/2023 To 22/06/2023 £ |
|-----------------------------|------------------------------|---------------------------------------|---------------------------------------|
| RECEIPTS | | | |
| Goodwill | 2,500.00 | 1,248.50 | 1,248.50 |
| Intellectual Property | 1.00 | 1.00 | 1.00 |
| HP Asset (1) | NIL | 0.00 | 0.00 |
| Leasehold Property (1) | NIL | 0.00 | 0.00 |
| Furniture & Equipment | 10,000.00 | 2,497.00 | 2,497.00 |
| Stock | 2,494.00 | 1,248.50 | 1,248.50 |
| WIP | 1.00 | 1.00 | 1.00 |
| Customer Contracts and List | 2.00 | 2.00 | 2.00 |
| Marketing Literature | 1.00 | 1.00 | 1.00 |
| Records | 1.00 | 1.00 | 1.00 |
| Cash at Bank | 33,059.27 | 33,062.66 | 33,062.66 |
| Rent | NIL | 4,646.80 | 4,646.80 |
| | | <u>42,709.46</u> | <u>42,709.46</u> |
| PAYMENTS | | | |
| Gilf Ltd LP | (276,171.00) | 0.00 | 0.00 |
| Armada | (18,454.00) | 0.00 | 0.00 |
| Statutory Advertising | | 109.08 | 109.08 |
| DE Arrears & Holiday Pay | (52,715.10) | 0.00 | 0.00 |
| Trade & Expense Creditors | (475,264.22) | 0.00 | 0.00 |
| Employees | (85,469.71) | 0.00 | 0.00 |
| landlords | (268,567.74) | 0.00 | 0.00 |
| Directors | (34,877.14) | 0.00 | 0.00 |
| Banks/Institutions | (37,877.46) | 0.00 | 0.00 |
| Pension | (5,183.59) | 0.00 | 0.00 |
| HM Revenue & Customs - PAYE | (218,308.12) | 0.00 | 0.00 |
| Ordinary Shareholders | (1,231,832.75) | 0.00 | 0.00 |
| | | <u>109.08</u> | <u>109.08</u> |
| Net Receipts/(Payments) | | <u>42,600.38</u> | <u>42,600.38</u> |
| MADE UP AS FOLLOWS | | | |
| Bank 1 Current | | 42,578.56 | 42,578.56 |
| VAT Receivable / (Payable) | | 21.82 | 21.82 |
| | | <u>42,600.38</u> | <u>42,600.38</u> |

Appendix VII: Estimated Outcome Statement

Herbivore Restaurants Ltd

Estimated Outcome Statement

| Notes | Estimated Financial Position £ | Realised / paid to date £ | Estimated future realisations / payments £ | Total £ |
|---|---|---------------------------------|---|--------------------|
| <u>Assets subject to a fixed charge</u> | | | | |
| Intellectual Property Rights / Goodwill | | 1,250 | 1,251 | 2,501 |
| Less: FE Loan Management Limited | | 0 | (276,171) | (276,171) |
| Shortfall | | 1,250 | (274,920) | (273,671) |
| <u>Assets subject to a floating charge</u> | | | | |
| Furniture & Equipment | | 2,497 | 7,503 | 10,000 |
| Stock | | 1,249 | 1,252 | 2,500 |
| WIP | | 1 | - | 1 |
| Customer Contract and list | | 2 | - | 2 |
| Marketing Literature | | 1 | - | 1 |
| Records | | 1 | - | 1 |
| Cash at Bank | - | 33,059 | - | 33,059 |
| | - | 36,810 | 8,755 | 45,564 |
| Estimated surplus to pay costs and other creditors | | | | |
| Office Holders' Fees (pre-appointment) | | - | (7,500) | (7,500) |
| Office Holders' Fees (post-appointment) | | - | (47,105) | (47,105) |
| Solicitors' Fees | | - | (5,850) | (5,850) |
| Agent & Valuers' Fees | | - | (1,500) | (1,500) |
| Pension Agents' Fees | | - | (2,000) | (2,000) |
| Insurance | | - | (750) | (750) |
| Advertising | | (110) | - | (110) |
| Bonding | | - | (150) | (150) |
| Website Fees | | - | (100) | (100) |
| | | (118) | (64,955) | (65,065) |
| Estimated surplus available to preferential creditors | | | | (19,501) |
| Preferential creditors | | | | (52,715) |
| Estimated surplus available to secondary preferential creditors | | | | (72,216) |
| Secondary Preferential Creditors | | | | |
| HMRC (estimated) | | | | (218,308) |
| Net Property | | | | (290,524) |
| Less: estimated to be available to unsecured creditors via the Prescribed Part | | | | |
| 50% of the initial £10,000 of Net Property | - | | | |
| 20% of the balance of Net Property | - | | | |
| Total Prescribed Part (max. £600,000) | - | | | Nil |
| Estimated to be available to floating charge creditor | | | | Nil |
| Shortfall to Floating Charge | | | | (273,671) |
| Estimated to be available to unsecured creditors | | | | (564,195) |
| Add back Prescribed Part | | | | Nil |
| Estimated total to be available to unsecured creditors | | | | (564,195) |
| Unsecured creditors | | | | |
| Trade & Expense Creditors | | | | (475,264) |
| HP | | | | (18,454) |
| Bank | | | | (37,877) |
| Landlords | | | | (268,567) |
| Directors | | | | (34,877) |
| Employees | | | | (85,469) |
| Pension | | | | (5,183) |
| | | | | (925,691) |
| Estimated surplus / (deficit) as regards unsecured creditors | | | | (1,489,886) |

| | |
|--|-------------|
| <u>Summary of estimated outcomes for creditors</u> | |
| Estimated to Fixed Charged | 1p in the £ |
| Estimated to Floating Charge | Nil |
| Estimated distribution to preferential creditors | Nil |
| Estimated distribution to secondary preferential creditors | Nil |
| Estimated distribution to non-preferential unsecured creditors via P/P | Nil |

Appendix VIII: The Joint Administrators' Fees Estimate

Please note that this estimate reflects the work undertaken and time anticipated to be incurred for the full period of the Administration and thus it includes the time already incurred, details of which are provided in Appendix IX.

The Fees Estimate has been compiled on the following assumptions:

- the Joint Administrators' initial investigations will not identify any matters that require further investigations or pursuit;
- no exceptional work will be required to realise the remaining assets and collect in the deferred consideration;
- there will be no requirement to hold a physical creditors' meeting or additional decision procedure to consider the matters covered by the Joint Administrators' Proposals; and

On these assumptions, the Joint Administrators do not anticipate that it will be necessary to seek additional approval from the relevant creditors for fees in excess of the Fees Estimate. However, in the event that the Administration does not proceed as envisaged, the Joint Administrators will seek approval for any fees in addition to those estimated that they wish to draw from the insolvent estate.

| General Description | Includes | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|---|--|--------------------------|-------------------------------|-------------------|
| Administration (including statutory reporting) | | 44.2 | 316 | £14,005 |
| Statutory/advertising | Filing and advertising to meet statutory requirements | | | |
| Document maintenance/file review/checklist | Filing of documents Periodic file reviews, including ethical, anti-money laundering and anti-bribery matters Maintenance of statutory and case progression task lists/diaries Updating checklists | | | |
| Bank account administration | Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing cheques/BACS payments | | | |
| Planning / review | Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case | | | |
| Books and records / storage | Dealing with records in storage Sending case files to storage | | | |
| Investigations | | 21 | 403 | £8,475 |
| SIP 2 Review | Collection, and making an inventory, of company books and records Correspondence to request information on the company's dealings, making further enquiries of third parties | | | |

| General Description | Includes | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|---|--|--------------------------|-------------------------------|-------------------|
| | Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company Reviewing company's books and records Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with the committee/creditors or major creditors about further action to be taken | | | |
| Statutory reporting on conduct of director(s) | Preparing statutory investigation reports Liaising with the Insolvency Service Submission of report to the Insolvency Service Preparation and submission of supplementary report (if required) Assisting the Insolvency Service with its investigations | | | |
| Examinations | Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available | | | |
| Litigation / Recoveries | Strategy meeting regarding litigation Seeking funding from creditors Reviewing terms of solicitors' conditional fee agreements Preparing brief to solicitors/Counsel Liaising with solicitors regarding recovery actions Dealing with ATE insurers Attending to negotiations Attending to settlement matters | | | |
| Realisation of Assets | | 15 | 383 | £5,750 |
| Sale of Business as a Going Concern | Instructing and liaising with agents Preparing an information memorandum Liaising with potential purchasers Agreeing licences to trade/occupy Assessment and review of offers received Negotiating with intended purchaser Liaising with secured creditors and seeking releases Exchanges with solicitors to agree sale and purchase agreement Examination of the evaluator's report to ensure compliant Surrender of lease (where appropriate) Pursuing deferred sale consideration | | | |
| Plant and machinery; office furniture and equipment | Liaising with valuers, auctioneers and interested parties Reviewing asset listings Liaising with secured creditors and landlords | | | |
| Freehold/Leasehold Property | Liaising with valuers and agents on marketing strategy and offers received Dealing with tenant issues (if any) Liaising with secured creditors and landlords Agreeing assignment or surrender Completing sale | | | |
| Debtors and retentions | Collecting supporting documentation Correspondence with debtors Reviewing and assessing debtors' ledgers Receiving updates from factoring companies and liaising reassignment of ledger Liaising with debt collectors and solicitors | | | |

| General Description | Includes | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|---|---|--------------------------|-------------------------------|-------------------|
| | Agreeing debt collection agency agreements Dealing with disputes, including communicating with directors/former staff Pursuing credit insurance claims Submitting VAT bad debt relief claims | | | |
| Leasing | Reviewing leasing documents Liaising with agents and owners/lessors | | | |
| Stock and work in progress ("WIP") | Conducting stock takes Reviewing stock values Liaising with agents and potential purchasers Analysing the value in WIP Contracting with service-providers/suppliers to complete WIP | | | |
| Other assets: motor vehicles, intangibles, intellectual property, VAT/corporation tax refunds, cash at bank, insurance claims | Liaising with agents to agree disposal strategy Dealing with potential purchasers Negotiating sales Liaising with solicitors to agree sales Collecting sales consideration Liaising with insurance companies and directors to pursue claims Examining company records to support tax refunds Exchanges with government departments Liaising with bank(s) to recover cash at bank | | | |
| Retention of Title Claims ("ROT") | Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers and correspondence to claimant to accompany payment of claim (if valid) Exchanges with solicitors in deciding claims and dealing with disputes | | | |
| Insurance | Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers | | | |
| Creditors (claims and distribution) | | 50 | 377 | £18,875 |
| Creditor communication | Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Assisting employees to pursue claims via the RPO Corresponding with the PPF and the Pensions Regulator | | | |
| Dealing with proofs of debt ('POD') | Receipting and filing POD when not related to a dividend Corresponding with RPO regarding POD when not related to a dividend | | | |
| Processing proofs of debt | Preparation of correspondence to potential creditors inviting submission of POD Receipt of POD Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication | | | |

| General Description | Includes | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|-------------------------|---|--------------------------|-------------------------------|-------------------|
| | Seeking solicitors' advice on the validity of secured creditors' claims and other complex claims | | | |
| Creditor reports | SIP16 disclosure following pre-pack sale of assets Preparing proposal, six monthly progress reports, fee authority report to secured and preferential creditors (where appropriate), conversion to CVL (where appropriate) and final report Seeking extension via creditors (where appropriate) and/or court Reporting to secured creditor appointor Proposing further fee approval (where the fees estimate is not for the administration of the case to conclusion) | | | |
| Creditors' decisions | Preparation of decision notices, proxies/voting forms Collate and examine proofs and proxies/votes to establish decisions Consider objections received and requests for physical meeting or other decision procedure (For virtual meeting) Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, advertisement of meeting and draft minutes of meeting Issuing notice of result of decision on Proposals | | | |
| Distribution procedures | Agreeing allocation of realisations and costs between fixed and floating charges Paying distribution to secured creditors and seeking confirmation of discharged claims Paying a distribution to preferential/secondary preferential or unsecured creditors The process below will need to be applied for each class of creditor paid: Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of notice of intended dividend Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Preparation of cheques/BACS to pay dividend Preparation of correspondence to creditors enclosing payment of distribution Seeking unique tax reference from HMRC, submitting information on PAYE/NI deductions from employee distributions and paying over to HMRC Dealing with unclaimed dividends When paying the secondary preferential creditor the adjudication of HMRC's secondary preferential claim, may involve bringing the Company's preferential tax affairs up to date | | | |
| Creditors' Committee | No estimate has been provided, as it has been assumed that no Committee will be established | - | - | - |
| Total | | 130.2 | 361 | £47,105 |

Administration (including Statutory Reporting)

The Joint Administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing

realisations for the insolvent estate, they assist in the efficient and compliant progressing of the administration, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

Investigations

At present, the Joint Administrators' investigations are ongoing and it is not yet clear whether any matters will be identified with the potential to generate additional recoveries for the insolvent estate. At this early stage, it is difficult to estimate the likely time costs and expenses that may be incurred in carrying out a detailed exploration and pursuit of any questionable matters. The Fees and Expenses Estimates reflect the anticipated work in carrying out basic investigations in order to identify any potential causes of action. If any are identified and the Joint Administrators consider that additional work is required in order to generate a net financial benefit for creditors, they may revert to the relevant creditors to seek approval for fees in excess of the estimate. .

Realisation of assets

The receipts and payments account at Appendix VI sets out the realisations achieved to date and the Estimated Outcome Statement at Appendix VII sets out the total anticipated realisations and the financial benefit that this work is expected to generate for creditors. In brief, the following main tasks are yet to be completed:

- Sale of business and assets: collecting the deferred sale consideration
- Leasehold property: monitoring the purchaser's licence to trade/occupy and assisting to arrange an assignment or surrender of the lease
- Cash at bank: continuing to pursue the Company's bank(s) to release payment

Creditors (claims and distributions)

Irrespective of whether sufficient realisations are achieved to pay a dividend to preferential or secondary preferential or unsecured creditors, time will be spent in dealing with creditors' queries, assisting the employees in pursuing their claims via the RPO, dealing with retention of title claims and issuing statutory reports to creditors. A first and final dividend to the secured creditor.

Appendix IX: Breakdown of the Joint Administrators' Time Costs

Time Entry - SIP9 Time & Cost Summary

HERBI - Herbivore Restaurants Ltd
All Pre Appointment Project Codes
To: 22/06/2023

| Classification of Work Function | Partner | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost (£) | Average Hourly Rate (£) |
|---------------------------------|---------|---------|----------------------------|----------------------------|-------------|---------------|-------------------------|
| Admin & Planning | 21.00 | 11.80 | 0.00 | 0.00 | 32.80 | 14,105.00 | 430.03 |
| Case Specific Matters | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Creditors | 0.00 | 0.30 | 0.00 | 0.00 | 0.30 | 105.00 | 350.00 |
| Investigations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Marketing | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Chargeable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Realisation of Assets | 9.50 | 0.00 | 1.80 | 0.00 | 11.30 | 4,998.50 | 442.35 |
| Trading | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Hours | 30.50 | 12.10 | 1.80 | 0.00 | 44.40 | 19,208.50 | 432.62 |
| Total Fees Claimed | | | | | | 0.00 | |
| Total Disbursements Claimed | | | | | | 0.00 | |

Time Entry - SIP9 Time & Cost Summary

HERBI - Herbivore Restaurants Ltd
All Post Appointment Project Codes
To: 22/06/2023

| Classification of Work Function | Partner | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost (£) | Average Hourly Rate (£) |
|---------------------------------|---------|---------|----------------------------|----------------------------|-------------|---------------|-------------------------|
| Admin & Planning | 0.00 | 5.30 | 0.00 | 14.20 | 19.50 | 3,985.00 | 204.36 |
| Case Specific Matters | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Creditors | 2.00 | 19.70 | 0.00 | 0.00 | 21.70 | 7,845.00 | 361.52 |
| Investigations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Marketing | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Chargeable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Realisation of Assets | 4.00 | 1.70 | 0.00 | 0.00 | 5.70 | 2,495.00 | 437.72 |
| Trading | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Hours | 6.00 | 26.70 | 0.00 | 14.20 | 46.90 | 14,325.00 | 305.44 |
| Total Fees Claimed | | | | | | 0.00 | |
| Total Disbursements Claimed | | | | | | 0.00 | |

Appendix X: Charge-out Rates and Expenses Policy



Practice Fee Recovery Policy

How fees are calculated and charged

The insolvency legislation allows fees to be calculated and charged in a variety of different ways. These bases include time costs, percentage calculation, set fee or a combination of them for different tasks within the same appointment.

The basis or combination of bases set for a particular appointment are subject to approval. Approval is either by a committee of creditors, if one is appointed, or failing that the creditors in general meeting, or lastly by the court.

Further detail about how an office-holder's fees are approved for each case type are available in a series of guides issued with the Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://kreco.co.uk/creditors/>. Alternatively, a hard copy may be requested from KRE Corporate Recovery Limited, Unit 8, The Aquarium, 1-7 King Street, Reading, Berkshire, RG1 2AN.

Once the basis of the office-holder's remuneration has been approved, a periodic report will be provided to any committee and to each creditor. The report will provide a breakdown of all remuneration drawn together with the time costs incurred. The analysis of the time and value also shows the average rates charged for each category covered.

Each report also discloses how you as a creditor can seek further information and challenge the basis on which the fees are calculated as well as the level of fees drawn in the period of each report. Once the time to challenge the office-holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Time cost basis and rates used

This basis uses charge out rates appropriate to the skills and experience of a member of staff and the work that they perform on each case. The time is recorded in 6 minute units and combined with the amount of time spent on each activity. A supporting narrative is maintained to explain the work undertaken.

| Grade of staff | Current charge-out rate per hour, effective from 1 April 2021 £ | Charge-out rate per hour, effective from 1 October 2020 £ |
|--------------------------|---|---|
| Director (office-holder) | 475 | 450 |
| Associate Director | 400 | - |
| Senior Manager | 375 | 350 |
| Manager | 350 | 310 |
| Other administration | 300 | 270 |

| | | |
|---------------|-----|-----|
| Support Staff | 150 | 100 |
|---------------|-----|-----|

The charge-out rates listed above are reviewed annually and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system. The nature of the work undertaken is recorded against each activity code and the codes are maintained under the following main categories:

- Administration and Planning.
- Investigations.
- Realisation of Assets.
- Creditors.
- Trading.

Percentage basis

Fees can be charged on a percentage of either or both of the value of the property with which the office-holder has to deal and / or in relation to the level of funds being distributed. Different percentages can be used for different assets, types of assets or distributions made to different classes of creditors. Where we would like to realise any asset or type of assets on a percentage basis an explanation will be provided explaining why this basis is considered fair and reasonable in the circumstances of that case. .

Set fee

A set fee provides certainty in relation to the amount being charged as an agreed amount. Different set amounts can be used for different tasks. Where we would like to realise any asset or type of assets on a set fee basis an explanation will be provided explaining why this basis is considered fair and reasonable in the circumstances of that case.

Vat

The office-holder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Professional Advisers

Details of any professional advisers used will be given in the reports to creditors together with the basis of the fee charged. The choice of professional used is based on their expertise, qualification and location.

Professional Advisers include:-

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

Subcontractors

Where we subcontract out work that could otherwise be carried out by the office-holders or their staff then we will draw it to the attention of creditors in any report that incorporates a request for approval of the basis of which the remuneration may be charged.

Associates (including perceived connections)

Where there are payments made to associates we are required to obtain approval to those payments in the same manner as office-holders remuneration.

The term "associate" is defined in s435 Insolvency Act 1986 however the SIP9 definition includes any person who could be perceived as such by any reasonably informed third party, even if the legal definition is not met. In the spirit of openness, the following provider is sometimes used on our cases and could potentially be perceived as an associate using the wider definition due to extended family connections.

| Service provider | Description | Costs |
|----------------------|--|--|
| Cripps Transport Ltd | Collection and removal to storage of company books and records | Charges agreed as a set amount depending on the location and quantity of the records |

Expenses

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of expense allocation in respect of expenses incurred by the Office-holder in connection with the administration of the estate must be fully disclosed to creditors. Expenses are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or KRE Corporate Recovery Limited in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 expenses are statutory advertising, external meeting room hire, specific bond insurance and external printing costs.

Category 2 expenses are payments related to the case but not paid to independent third parties and include payments made to associates or payments with an element of shared costs. These expenses are recoverable in full from the estate, subject to the basis of the expense charge being approved by creditors in advance.

It is likely that the following category 2 expenses will be incurred in administering the case: -

- Mileage will be charged at the relevant HM Revenue and Customs rate, currently 45p per mile.

Should it be intended that an associate will be used on the case then this will be disclosed to creditors and subject to the same approval as Office-holders remuneration.

Appendix XI: The Joint Administrators' Expenses Estimate

Please note that this estimate reflects the expenses anticipated to be incurred for the full period of the Administration and thus it includes expenses already incurred, details of which are provided elsewhere in this document.

| Category 1 Expenses | Basis | Estimate of total |
|--|----------------|-------------------|
| Legal costs Field Seymour Parkes LLP: providing advice in respect of validity of security and appointment, ROT, sale of the business, and surrender of leases | Time-costs/CFA | £5,850 |
| Agents and Valuers Lambert Smith Hampton: providing a valuation and assisting with a sale of the company's business and assets | Time-costs/% | £1,500 |
| Advertising | | £110 |
| Pension specialists | | £2,000 |
| Website fees | | £100 |
| Bond premium | | £150 |
| Insurance | | £750 |
| Total | | £10,460 |

Appendix XII: Summary of the Joint Administrators' Proposals

In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they collect the deferred sale consideration in relation to the sale of the Company's business and assets;
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - (iii) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- The Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
- The Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time:
 - (i) In the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
 - (ii) however, in the unlikely event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, David Taylor and Paul Ellison will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out at Section 10; or
 - (iii) alternatively, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of

the estate. In such circumstances, David Taylor and Paul Ellison may ask the court that they be appointed Joint Liquidators, to act either jointly or separately in undertaking their duties as Liquidator; or