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Report.
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Second progress report to members and creditors

Private & Confidential

21 May 2014

Company	Wood Street Investments Limited
Court reference	Croydon County Court No. 1557 of 2010
Registered office	Benson House, 33 Wellington Street, Leeds, LS1 4JP
Company number	02225861
Type of Insolvency	Compulsory Liquidation
Date of Appointment & Appointees	Ian C Oakley Smith (appointed 20 November 2012) Derek Howell (appointed 20 November 2012 – resigned 22 March 2013) J Guy Parr (appointed 22 March 2013)
Address	PricewaterhouseCoopers LLP Benson House, 33 Wellington Street, Leeds, LS1 4JP
Dividend Prospects	Current estimate p in £
Preferential	n/a
Unsecured	u/k

Please note that the guidance on dividend prospects is indicative only. It should not be used as the sole or principal basis of any bad debt provision decision.

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Wood Street Investments Limited – in compulsory liquidation (“Wood Street”)
In the Croydon County Court No: 1557 of 2010
2nd Progress Report to Members and Creditors

Introduction

A winding-up order was made on 22 September 2010 based on a creditor’s petition

Details of the originally appointed joint liquidators and subsequent change were provided in the first progress report to creditors

This is the Joint Liquidators’ second annual report to members and all known creditors.

Statement of affairs

The following assets and liabilities were disclosed to the Official Receiver:-

Assets	£
	Nil
Liabilities	
Crown departments	<u>(63,281,355)</u>
ESTIMATED DEFICIENCY AS REGARDS CREDITORS	(63,281,355)
Issued and called up share capital	<u>(145,706,592)</u>
ESTIMATED DEFICIENCY AS REGARDS MEMBERS	<u>(208,987,947)</u>

Receipts and payments

A receipts and payments account, as reconciled with that which is held by the Secretary of State in respect of the winding up is enclosed at Appendix A

Assets

The Joint Liquidators continue to deal with the following assets to date:-



Book debts

Wood Street is a creditor of Lehman Brothers Holdings Inc ("LBHI") in the sum of \$276,825,598.24. This claim was agreed by the Official Receiver with the administrators of LBHI prior to our appointment.

During the period of this report further distributions have been received, as follows, from the administrators of LBHI:

Distribution %	£ Sterling
4.621	8,344,703.97
3.931	7,100,028.70
4.663	7,994,848.68
	<hr/> 23,439,581.35 <hr/>

A fifth distribution of 5.063% has also been made by the administrators of LBHI however was not received within the period of this report.

We await confirmation of any further distributions to be made by LBHI.

Liabilities

Unsecured claims of £63,559,678.61 have been received.

A dividend has not yet been paid to creditors as the joint liquidators continue to investigate the relationship between Wood Street, its parent company and an overseas associated company who may be liable for the liabilities of Wood Street under some form of guarantee.

The joint liquidators will update creditors in this respect in due course and confirm the timings of any distributions to be made when able to do so.

General

As there are a number of ongoing matters the Joint Liquidators are not yet in a position to determine when the administration of the case will be concluded.

Liquidators' remuneration

You may recall that at a meeting of creditors held on 19 July 2013 a resolution was passed to enable the Joint Liquidators to draw remuneration by reference to time properly given by them and their staff in attending to the matters arising in the winding up.



Details of the time incurred to 22 March 2013 were provided in my last progress report. In the period of this report a total of 53.06 hours has been spent in dealing with the liquidation at an average hourly rate of £329.99, making a total of £17,509. Details of the costs incurred in this period by work category, is attached at Appendix 2, along with an explanation of the work carried out where time costs in the period have exceeded £1,000 on any aspect of the assignment. Fees totalling £22,400 have been drawn to date.

It has been the Joint Liquidators' policy to delegate the routine administration of the liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Liquidators.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on the assignment in 6 minute units. The minimum time chargeable is 3 minutes (i.e. 0.5 units).

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP or any successor firm, reserves the right to change the rates and grade structure. Following the joint liquidators' previous progress report the charge out rates were increased on 1 July 2013. Full details of the charge out rates charged to this case for the period of this report are included at Appendix 2B. Specialist departments within PricewaterhouseCoopers LLP, such as tax, VAT, property and pensions, sometimes charge a small number of hours should the liquidators require their expert advice. Their rates vary, however the figures given provide an indication of the maximum rate per hour.

Liquidators' disbursements

The Joint Liquidators' current disbursements policy, as approved by the creditors, is as follows:-

- a) Photocopying for circulars or any other bulk copying is charged at 3p per sheet;
- b) Mileage – this is reimbursed at a maximum of 71p per mile (up to 2,000cc) and 93p per mile (over 2,000cc)

All other disbursements will be or have been reimbursed at cost and are detailed at Appendix 4.

The Joint Liquidators have incurred £15.50 in respect of photocopying which has been drawn and is included in the attached receipts and payments account.

To help you understand the way in which our remuneration is arrived at, a creditors' guide to fees issued by my professional body is available at



<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-liquidators-fees-final.pdf>

This includes details on the rights of creditors and members to request further information, pursuant to Rule 4.49E of the Insolvency Rules 1986 ("IR86"), and also the rights of creditors in respect of any claim that the Liquidators' remuneration and disbursements are excessive, pursuant to Rule 4.131 IR86

**I C Oakley Smith & J G Parr
Joint Liquidators**

Both licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

APPENDIX 1

Wood Street Investments Limited - in compulsory liquidation
Summary of receipts and payments for the periods
20 November 2012 to 22 March 2013 and
23 March 2013 to 22 March 2014

	20/11/2012 to 22/03/2013 £	23/03/2013 to 22/03/2014 £	Total £
Receipts			
Book debts	5,429,819.60	23,439,581.35	28,869,400.95
Bank interest	-	53,084.79	53,084.79
TOTAL RECEIPTS	5,429,819.60	23,492,666.14	28,922,485.74
Payments			
Official Receiver's debit balance	1,235.00	-	1,235.00
Petition costs	1,515.00	-	1,515.00
Cover schedule costs	-	1,290.00	1,290.00
Statutory advertising	-	150.74	150.74
Legal fees	-	247.18	247.18
Postage, stationery & printing	-	15.50	15.50
Office holder's fees	-	22,400.00	22,400.00
Bank charges	22.00	88.00	110.00
DTI cheque fees/ISA costs	1.10	11.70	12.80
Secretary of State fees (Ad Valorem)	80,000.00	-	80,000.00
Tax deducted from bank interest	-	10,616.96	10,616.96
VAT irrecoverable	-	4,771.24	4,771.24
TOTAL PAYMENTS	82,773.10	39,591.32	122,364.42
BALANCE	<u>5,347,046.50</u>	<u>23,453,074.82</u>	<u>28,800,121.32</u>



Wood Street Investments Ltd - In Liquidation

Analysis of time costs for the period 23 March 2013 to 22 March 2014

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	-	5.45	2.40	0.20	-	0.80	8.85	3,410.75	385.10
2 Administration	-	-	-	-	-	0.20	-	0.20	29.20	146.00
3 Assets	-	-	3.40	1.55	0.30	-	-	5.25	1,881.60	358.10
4 Creditor claims/distributions	-	-	-	0.70	-	-	-	0.70	224.00	320.00
5 Accounting and treasury	-	-	1.30	1.90	1.11	6.55	1.25	12.11	2,533.12	209.09
6 Reporting to appointor/committee	-	-	1.00	6.20	-	-	-	7.20	2,345.00	325.69
7 Statutory and compliance	-	-	0.15	4.05	0.10	1.45	-	5.75	1,538.95	271.12
8 Tax/VAT/Pensions	-	3.70	-	2.60	2.30	4.40	-	13.00	5,527.50	425.19
Total	-	17	11.3	19.4	4.0	12.6	2.1	53.00	17,509.12	329.99

APPENDIX 2 CONT'D**WOOD STREET INVESTMENTS LIMITED – IN COMPULSORY LIQUIDATION****DESCRIPTION OF WORK CATEGORIES**

Area of work	Work undertaken includes:
Strategy and planning	<ul style="list-style-type: none">• Team briefings on case progression and resolution of outstanding matters• Joint Liquidators' review of case progression• General correspondence• Managing case diary events• Filing
Assets	<ul style="list-style-type: none">• Liaising with administrators of debtor company• Receiving distributions from debtor company
Accounting and treasury	<ul style="list-style-type: none">• Arranging Joint Liquidators' bonds• Bank reconciliations• Processing of payments to 3rd parties.• Posting of receipts following asset sales• Consideration of investment of funds
Reporting to appointor/committee	<ul style="list-style-type: none">• Convening meeting of creditors to agree basis of remuneration• Progress report to creditors following change of appointee.
Statutory and compliance	<ul style="list-style-type: none">• Preparation of period case reviews• Joint liquidators' case review (as required by licensing body)• Managing all statutory requirements.
Tax/VAT/Pensions	<ul style="list-style-type: none">• Meeting with internal specialists regarding advice on actions and responsibilities for tax.• Liaising with HMRC

APPENDIX 3

Wood Street Investments Limited – in compulsory liquidation

Hourly rates applicable from 23 March 2013 to 22 March 2014

23 March 2013 to 30 June 2013

	£/h1
Partner	540
Director	450
Senior Manager	395
Manager	310
Senior Associate	233
Associate	146
Support Staff	80

1 July 2013 to 22 March 2014

	£/hr
Partner	555
Director	465
Senior Manager	405
Manager	320
Senior Associate	240
Associate	152
Support Staff	82

Occasionally it may be necessary to seek advice from specialist departments within PricewaterhouseCoopers LLP, such as tax and pensions, although this does not arise very often, and certainly not in every case. On those occasions where it is necessary to seek their expert advice, they may charge a small amount of time to the case concerned. Their rates may vary, and might be different from those rates shown above, however, the figures given below provide an indication of their maximum current rate per hour.

	£/hr
Partner	1 075
Director	990
Senior Manager	755
Manager	545
Senior Associate 2	410
Senior Associate 1	250
Associate 2	210
Associate 1	175



APPENDIX 4

Wood Street Investments Limited – in compulsory liquidation

Joint Liquidators' disbursements

The following table shows the approved policy for charging different categories of expenses together with the costs incurred in the period

Category	Policy	From 23 March 2013 to 22 March 2014
1	All disbursements not falling under category 2 are recharged at cost	1,787.62
2	Photocopying – at 3p per sheet copied, only charged for circulars to creditors and other bulk copying	15.50
2	Mileage – at a maximum of 67p per mile (up to 2,000cc) or 80p per mile (over 2,000cc)	0.00
	Total for the period	1,803.12

Professional advisors

On this assignment the Joint Liquidators has used the professional advisors listed below

Name	Nature of work	Basis of fee arrangement
Davis Polk	Legal advice re expired distribution	Time cost



APPENDIX 4 CONT'D

Wood Street Investments Limited – in compulsory liquidation

Statement of expenses from 23 March 2013 to 22 March 2014

Category	Unpaid as at 22 March 2013	Incurred in this period	Paid in this period	Unpaid as at 22 March 2014
Joint Liquidators' time costs	11,504.60	17,509.12	22,400.00	6,613.72
Joint Liquidators' expenses				
- Statutory advertising	-	150.74	150.74	-
- Joint Liquidators' bond	-	1,290.00	1,290.00	-
- Postage, stationery & printing	-	15.50	15.50	-
Bank charges	-	88.00	88.00	-
Cheque fees/ISA costs	-	11.70	11.70	-
Legal fees & expenses	-	247.18	247.18	-
Total	11,504.60	19,312.24	24,203.12	6,613.72

The Joint Liquidators' time costs incurred do not necessarily reflect the amount that will be paid in due course