



### Third progress report to members and creditors

Private & Confidential

20 May 2015

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	75

FRIDAY



QIQ 22/05/2015 #25  
COMPANIES HOUSE

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

**Introduction**

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

Ian Oakley-Smith and Derek Howell were originally appointed as Joint Liquidators on 20 November 2012 by the Secretary of State. Following Mr Howell's retirement, and by an order of the Court dated 22 March 2013, Julian Guy Parr was appointed as Joint Liquidator to ensure continuity in the administration of the estate.

This is the Joint Liquidators' third annual progress report to members and all known creditors.

**Statement of affairs**

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

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

**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 1

**Assets**

The Joint Liquidators have dealt with the following assets to date -

**Book debts**

The Company 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

<b>Distribution</b>	<b>£ / Sterling</b>
<b>%</b>	
5.06	8,414,438.09
3.87	6,636,793.60
	<u>15,051,231.69</u>

This brings the total distributions received to £43,920 633

A seventh distribution of 2.59% totalling £4,817,217 has also been made by the administrators of LBHI on 2 April 2015, however this was not received within the period covered by this report.

Further distributions are expected to be made by LBHI in October and April of each year, however we do not know at this stage how many further distributions will be made

### **Liabilities**

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

A dividend has not yet been paid to creditors as the joint liquidators have been investigating the potential recovery of the Company's liabilities under an indemnity and a guarantee

The Company was acquired by Lehman Brothers Helsinki Holdings sarl ("Helsinki") in November 2007. As part of the sale, a tax deed was entered into between the vendor and Helsinki which sought to indemnify Helsinki in the event that the Company's tax liabilities devalued the Company

In addition, a guarantee was granted by LBHI in favour of the vendor to guarantee certain payments from Helsinki to the vendor, which were due under the terms of the Company's sale.

We have sought legal advice to establish if there is any right of recovery by the Company under the indemnity and/or guarantee. The advice received is that it is unlikely the Company could bring a successful claim against Helsinki. This is because it is not a beneficiary to these agreements, and no evidence has been seen which expressly states any recoveries made by Helsinki should be paid to the Company.

Before finalising the unsecured creditor claims, we are considering whether we can revise the level of our claim in LBHI to take into account the Company's liabilities. We will update creditors regarding this matter in due course, and confirm the timings of any distributions to be made when this is clearer

### **General**

In light of the above ongoing matter, we are not yet in a position to determine when the administration of the case will be concluded

---

## **Joint 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 2014 were provided in our last progress report. In the period of this report a total of 141.77 hours has been spent in dealing with the liquidation at an average hourly rate of £350, making a total of £49,619.60. Details of the costs incurred in this period, by work category, are attached at Appendix 2A, 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 £34,700 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 Joint 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 Joint 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 annual report the charge out rates were increased on 1 July 2014. Full details of the charge out rates charged to this case from this date 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 Joint Liquidators require their expert advice. Their rates vary, however the figures given at Appendix 2B provide an indication of the maximum rate per hour. In this particular case, due to the complexities of the tax position and connection to the Lehman Group of companies, our tax specialists have been significantly involved in establishing the guarantee/indemnity position. This is reflected in the level of time charged to tax/VAT in appendix 2A.

## **Joint 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)

The Joint Liquidators have not incurred any expense in respect of photocopying and mileage during the period of this report.

---

All other disbursements will be or have been reimbursed as cost and are detailed at Appendix 3

To help you understand the way in which our remuneration is arrived at, a creditors' guide to fees issued by our 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 Joint Liquidators' remuneration and disbursements are excessive, pursuant to Rule 4.131 IR86



**I C Oakley-Smith**  
**Joint Liquidator**

Ian Oakley-Smith and Julian Guy Parr and both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

*The Joint Liquidators are Data Controllers of personal data as defined by the Data Protection Act 1998  
PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the liquidation*

**APPENDIX 1****Wood Street Investments Limited – in compulsory liquidation  
Summary of receipts and payments for the period  
23 March 2014 to 22 March 2015**

	<b>20.11.2012 to 22.03.2014</b>	<b>23.03.2014 to 22.03.2015</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Receipts</b>			
Book debts	28,869,400 95	15,051,231 69	43,920,632 64
Corporation tax refund	-	10,669 61	10,669 61
Bank interest	53,084 79	173,243 34	226,328 13
<b>TOTAL RECEIPTS</b>	<b>28,922,485.74</b>	<b>15,235,144.64</b>	<b>44,157,630.38</b>
<b>Payments</b>			
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	12,300 00	34,700 00
Bank charges	110 00	88 00	198 00
DTI cheque fees/ISA costs	12 80	0 15	12 95
Secretary of State fees (Ad Valorem)	80,000 00	-	80,000 00
Tax deducted from bank interest	10,616 96	34,648 66	45,265 62
VAT irrecoverable	4,771 24	2,460 00	7,231 24
<b>TOTAL PAYMENTS</b>	<b>122,364.42</b>	<b>49,496.81</b>	<b>171,861.23</b>
<b>BALANCE AT INSOLVENCY SERVICES ACCOUNT, 22 MARCH 2015</b>	<b>28,800,121.32</b>	<b>15,185,647.83</b>	<b>43,985,769.15</b>

# Wood Street Investments Limited - in compulsory liquidation

## Analysis of time costs for the period from 23 March 2014 to 22 March 2015

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	0.30	4.00	6.15	-	-	0.30	10.75	3,835.00	356.74
Assets	-	0.70	1.60	4.05	-	-	1.00	7.35	2,569.00	349.52
Creditor claims/distributions	-	-	0.60	1.60	-	-	-	2.20	777.00	353.18
Accounting and treasury	-	-	0.85	3.20	1.10	8.90	1.10	15.15	3,215.65	212.25
Reporting to appointor/committee	-	0.90	-	5.00	-	0.35	-	6.25	2,085.20	333.63
Statutory and compliance	0.20	-	0.20	3.70	0.75	0.50	-	5.35	1,524.55	284.96
Tax/VAT/Pensions	1.00	-	1.50	29.10	54.50	6.37	2.25	94.72	35,613.20	375.98
<b>Total for the period from 23 March 2014</b>	<b>1.2</b>	<b>1.9</b>	<b>8.8</b>	<b>52.8</b>	<b>56.4</b>	<b>17.1</b>	<b>3.7</b>	<b>141.77</b>	<b>49,619.60</b>	<b>350.00</b>
<b>Brought forward at 22 March 2014</b>								<b>91.26</b>	<b>29,013.72</b>	
<b>Total</b>								<b>233.03</b>	<b>78,633.32</b>	

See Appendix 2B for details of the charge out rates applied to the case during the period

## **APPENDIX 2A CONT'D**

### **Wood Street Investments Limited – in compulsory liquidation**

#### **Summary narrative of our work done in the period**

##### **Strategy & Planning**

- Team meetings to discuss resolution of outstanding matters and case progression;
- Joint Liquidators' review of case strategy,
- General correspondence;
- Managing case diary events; and
- Filing

##### **Assets**

- Liaising with administrators of debtor company,
- Receiving distributions from debtor company; and
- Liaising with the Official Receiver regarding our claim in the debtor company.

##### **Accounting and treasury**

- Bank reconciliations;
- Processing payments via the Insolvency Services Account;
- Posting receipts received into the Insolvency Services Account;
- Reviewing case financials;
- Maintenance of internal accounting systems; and
- Consideration of investment of funds.

##### **Reporting to appointor/committee**

- Annual reporting: preparation, review and submission

##### **Statutory & Compliance**

- Preparation of periodic case reviews;
- Joint Liquidators' review of case (as required by licensing body), and
- Managing all statutory requirements

##### **Tax/VAT/Pensions**

- Internal discussions and meetings regarding the indemnity/guarantee issue;
- Reviewing case files/books and records to identify relevant documents and considering the same;
- Establishing and reviewing the terms of the sale of the Company before Liquidation,
- Seeking legal advice, discussions with solicitors and considering the advice internally;
- Tax calculations and returns for y/e November 2013: calculating, drafting, reviewing, signing, submitting;
- Tax calculations and returns for y/e November 2014: calculating, drafting,
- Reviewing of claim from HM Revenue & Customs



**APPENDIX 2B****Wood Street Investments Limited – in compulsory liquidation****Hourly rates applicable from 23 March 2014 to 22 March 2015****23 March 2014 to 30 June 2014**

	<b>£/hr</b>
Partner	555
Director	465
Senior Manager	405
Manager	320
Senior Associate	240
Senior Associate unqualified	177
Associate	152
Secretarial	112
Support	82

**1 July 2014 to 22 March 2015**

	<b>£/hr</b>
Partner	575
Director	480
Senior Manager	415
Manager	330
Senior Associate	250
Senior Associate unqualified	180
Associate	160
Secretarial	115
Support	85

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. In this particular case, due to the complexities of the tax position and connection to the Lehman Group of companies, our tax specialists have been significantly involved in establishing the guarantee/indemnity position. This is reflected in the level of time charged to tax/VAT in appendix 2A.

	<b>£/hr</b>
Partner	1130
Director	1085
Senior Manager	915
Manager	630
Consultant	465
Assistance Consultant	230
Support/Secretarial	130

**APPENDIX 3****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

<b>Category</b>	<b>Policy</b>	<b>From 23 March 2014 to 22 March 2015 £</b>
1	All disbursements not falling under Category 2 are recharged at cost	687 59
2	Photocopying - at 3p per sheet copied, only charged for circulars to creditors and other bulk copying	-
2	Mileage - at a maximum of 71p per mile (up to 2,000cc) or 93p per mile (over 2,000cc)	-
	<b>Total for the period</b>	<b>687.59</b>

**Professional advisors**

On this assignment the Joint Liquidators have used the professional advisors listed below.

<b>Name</b>	<b>Nature of work</b>	<b>Basis of fee arrangement</b>
Linklaters	Legal advice re. indemnity/guarantee	Time cost
Davis Polk	Legal advice re expired distribution	Time cost

The Joint Liquidators' choice was based upon their perception of the advisers' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them. The Joint Liquidators have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case

**Statement of expenses from 23 March 2014 to 22 March 2015**

<b>Category</b>	<b>Unpaid expenses as at 22 March 2014 (£)</b>	<b>Incurred in the period (£)</b>	<b>Paid in the period (£)</b>	<b>Unpaid expenses as at 22 March 2015 (£)</b>
Joint Liquidators' time costs	6,613 72	49,619 60	12,300 00	43,933 32
Joint Liquidators' expenses	-	687 59	-	687 59
Legal fees	-	8,538 64	-	8,538 64
Bank charges	-	88 00	88 00	-
DTI cheque fees/ISA costs	-	0 15	0 15	-
<b>Total</b>	<b>6,613.72</b>	<b>58,933.98</b>	<b>12,388.15</b>	<b>53,159.55</b>