

4456494  
**Deloitte.**

# Woodford Group plc (in liquidation) ("the Company")

Progress report to creditors for the 12 month period to 22 January 2017 pursuant to Rule 4.49B of the Insolvency Rules 1986 (as amended) ("the Rules").

W K Dawson and D F Butters ("the Joint Liquidators") were appointed Joint Liquidators of Woodford Group plc by the Court following cessation of the administration on 22 January 2016. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of Section 231 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Liquidators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.






Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

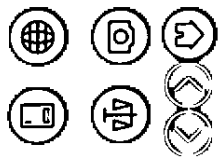
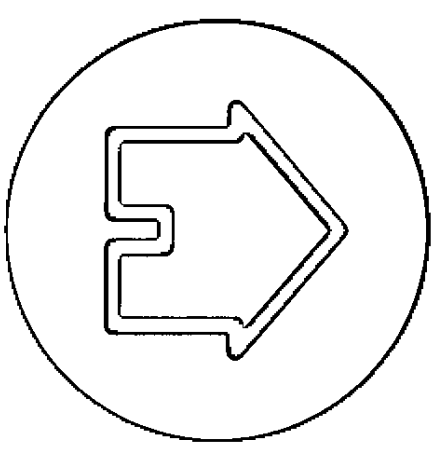
20 February 2017



Court Case No. 2052 of 2016  
High Court of Justice, Manchester  
District Registry, Chancery Division  
Company Number 4456494

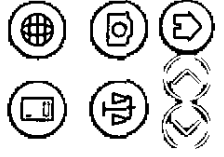
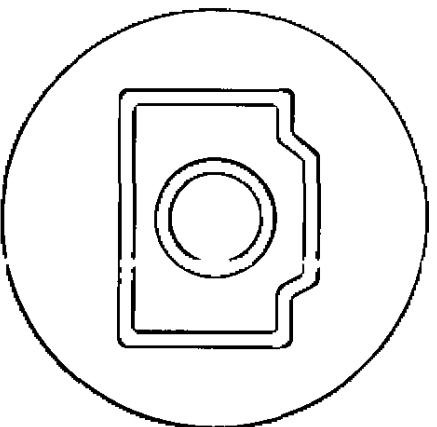
Registered Office c/o Deloitte LLP  
2 Hardman Street  
Manchester  
M60 2AT

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# Key messages



## Key messages

### Joint Liquidators of the Company

William Kenneth Dawson  
Daniel Francis Butters  
Deloitte LLP  
2 Hardman Street  
Manchester  
M60 2AT

### Contact details

Email [snoble@deloitte.co.uk](mailto:snoble@deloitte.co.uk)  
Website [http://www.deloitte-  
insolvencies.co.uk/s-z/woodford-  
group-plc---in-compulsory-  
liquidation.aspx](http://www.deloitte-<br/>insolvencies.co.uk/s-z/woodford-<br/>group-plc---in-compulsory-<br/>liquidation.aspx)  
Tel 0161 455 8658



### Progress of the liquidation during the report period

#### Commentary

- The Company moved from Administration to Compulsory Liquidation on 22 January 2016 to enable a corporate simplification exercise to be undertaken by Cowgill Holloway LLP ("Cowgills") of the Company's subsidiary entities in order to deal with orderly closure of these companies and allow the Company's share interest in these subsidiaries to be dealt with
- We understand that the corporate simplification exercise is ongoing but is unlikely to be concluded before our next progress report will be due.
- The Statement of Affairs showed an amount owing to the Secured Creditor of £122,800,000.00, which was based on the Woodford Group Plc and its subsidiary entities' ("the Group") total indebtedness to HSBC Bank Plc ("HSBC") at appointment by virtue of a cross guarantee in place between the Company and its subsidiaries. The Secured Creditor has suffered a significant shortfall. It submitted a claim in respect of the Company's borrowings as at the date of appointment of the Joint Administrators totalling £24,768,319.10. Distributions of £5,087,073.35 were made to the Secured Creditor during the Administration
- No preferential claims have been received. The Prescribed Part does not apply as the Company's floating charge pre-dated the date as set out in the Enterprise Act 2002. No claims have been received from unsecured creditors and in view of the significant shortfall to the Secured Creditor, there will be no funds available to distribute to unsecured creditors

### Costs

- Our fees have been fixed on a time costs basis. The Secured Creditor has agreed to fund the costs of the Liquidation (£3k per annum)
- No disbursements have been incurred in the report period which is in line with our initial estimate. Please refer to Page 16 for further details
- Third party costs of £84,600 in relation to statutory advertising have been incurred in the report period which is in line with our initial estimate. Please refer to Page 16 for further details

### Outstanding matters

- The corporate simplification exercise of the subsidiary entities over which the Joint Liquidators are not appointed needs to be completed to deal with the Company's share interests. As above, this is being undertaken by Cowgills and managed by the Group's Directors who are keeping the Secured Creditor apprised of progress

### Dividend prospects

- As above, the Secured Creditor has suffered a significant shortfall. We do not anticipate any further distributions from the liquidation
- No preferential or unsecured claims have been received. There will not be a dividend paid to preferential or unsecured creditors



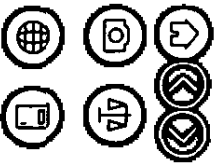
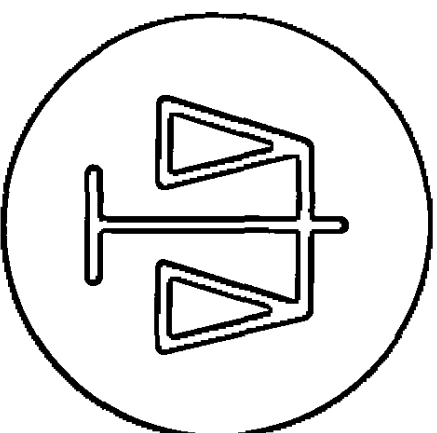
# Progress of the Liquidation

Summary

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Receipts and payments

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# Progress of the liquidation Summary

## Progress of the liquidation

William Kenneth Dawson and Ian Brown of Deloitte LLP were appointed Joint Administrators of the Company by the Secured Creditor and Qualifying Floating Charge Holder ("QFCH"), HSBC, on 20 August 2009. Following Ian Brown's retirement from Deloitte LLP, he was replaced as Joint Administrator by Daniel Francis Butters with effect from 25 May 2011. The Court having conduct of the proceedings is High Court of Justice, Manchester District Registry, Chancery Division (case numbers 2487 of 2009 (Administration) and 2052 of 2016 (Compulsory Liquidation)).

The period of the administration was extended for a period of six months to 20 February 2011 by consent of the Secured Creditor under Paragraph 76(2)(b) of Schedule B1 of the Act. Extensions of a further 12 months to 20 February 2012, then 24 months to 20 February 2014 and finally another 24 months to 20 February 2016 were granted by the Court under Paragraph 76(2)(a) of Schedule B1 of the Act. The extensions were granted to enable time to complete the sale of the Marian House property and allow the realisation of value from the Group companies. The extension applications were all supported by the Secured Creditor.

On 22 January 2016, the Court brought the Administration to an end and placed the Company into Compulsory Liquidation. William Kenneth Dawson and Daniel Francis Butters were appointed Joint Liquidators. The purpose of the Compulsory Liquidation is to assist with the orderly disposal of the subsidiary companies' assets and ultimate closure of the subsidiaries in a managed wind down. This corporate simplification exercise relating to the Company's subsidiary entities is being undertaken by Cowgills under the supervision of the Company's former Directors, who are also Directors of all Group entities.

## Work done during the report period

This work has continued during the report period with the Secured Creditor's consent. There are no progress milestones to report and this work is not expected to be concluded before the Joint Liquidators' next annual progress report is due.

## Asset Realisations

The only remaining assets of the Company are its shares in subsidiary entities. No value is currently attributed to these shares, largely due to the significant shortfall suffered by the Secured Lender which has a cross-guarantee over the Group.

The subsidiary entities' assets are being disposed of via an orderly disposal process and corporate simplification exercise in order to recover as much value as possible for the Secured Creditor under its cross-guarantee. Once this exercise has been completed, the Company's share interests will be dealt with.

The Compulsory Liquidation is being funded by the Secured Creditor and its purpose is to allow the corporate simplification exercise to be completed with a view to maximising returns to the Secured Creditor under its cross-guarantee. It is anticipated that the Secured Creditor will still suffer a significant shortfall following the outcome of the corporate simplification exercise.

## Estimated future realisations

No future realisations are anticipated.

## Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature.

- Case set-up and management
- Statutory reporting
- Appointment notifications
- Correspondence
- Case reviews

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.



## Progress of the liquidation

### Summary (continued)

#### Progress of the liquidation (continued)

##### Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company

Having completed this review no further avenues of recovery have been identified.

If you have any information that should be brought to our attention, please contact us in writing using the contact details provided on Page 1 above

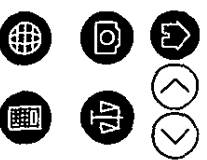
#### Cost of the work done during the report period

Liquidators time costs of £13,790 were incurred during the report period

No other costs have been incurred

The Liquidators time costs have not yet been paid and are therefore not reflected in the receipts and payments account on page 7.

The Secured Creditor has agreed to fund the Joint Liquidators' costs of £3k per annum by private treaty, therefore these costs will not be settled from case realisations and will not be reflected in the receipts and payments account in the future



# Progress of the liquidation

## Receipts and payments

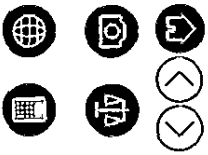
### Joint Liquidators' receipts and payments account 22 Jan 2016 to 22 Jan 2017

	£	SoA values	Notes	Period	To date
<b>Receipts</b>					
Total receipts	-			0 00	0 00
<b>Payments</b>					
Total payments				0 00	0 00
Balance					0 00

A receipts and payments account is provided opposite, detailing the transactions in the liquidation to 22 Jan 2017 and all transactions since our appointment

#### Notes to receipts and payments account

*Note 1* – No future realisations are anticipated. No claims have been received by preferential or unsecured creditors. As indicated, HSBC has agreed to fund the liquidation and settle the Joint Liquidators' fees of £3k p.a.







## Information for creditors

Outcome

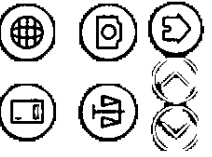
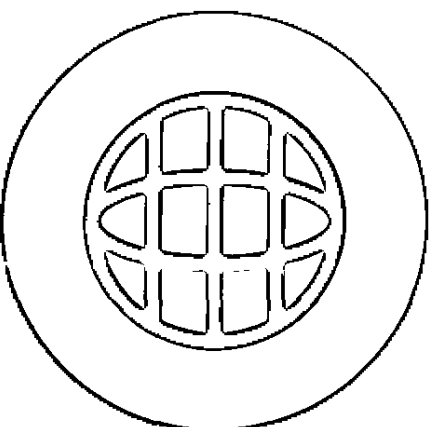
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Transactions with Connected Parties

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(Statutory Information)

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## Information for creditors Outcome

### Secured creditors

The Secured Creditor issued a claim in respect of the Company's borrowings as at the date of appointment of the Joint Administrators totalling £24,768,319 10 Distributions of £5,087,073 35 were made during the Administration. No further distributions from the Liquidation of the Company are anticipated. The Secured Creditor has suffered a significant shortfall

The Statement of Affairs showed an amount owing to the secured creditor of £122,800,000 00, which was based on the Group's total indebtedness to HSBC at appointment by virtue of a cross guarantee in place between the Company and its subsidiaries

### Preferential creditors

No preferential claims have been received

### Prescribed Part

The Prescribed Part does not apply as the Company's floating charge pre-dated the date as set out in the Enterprise Act 2002

### Unsecured creditors

No claims have been received from unsecured creditors and in view of the significant shortfall to the Secured Creditor, there will be no funds available to distribute to unsecured creditors

### Claims process

Unsecured creditors are invited to submit their claims to us by completing a proof of debt form which is available on the liquidation website and which should be sent to the address detailed on page 3, marked for the attention of Sarah-Kay Noble

However, as there is no prospect of a distribution for unsecured creditors, we do not intend to undertake any work to agree any creditor claims received.

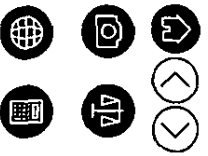


## **Information for creditors**

### **Transactions with Connected Parties**

#### **Transactions with connected parties**

In accordance with Statement of Insolvency Practice 13, we confirm that there have been no transactions with connected parties during the administration or in two years prior to our appointment, so far as the Administrators are aware.

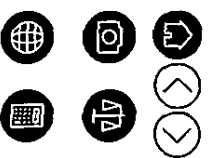


# Information for creditors (Statutory information)

## Statutory information

### Woodford Group Plc

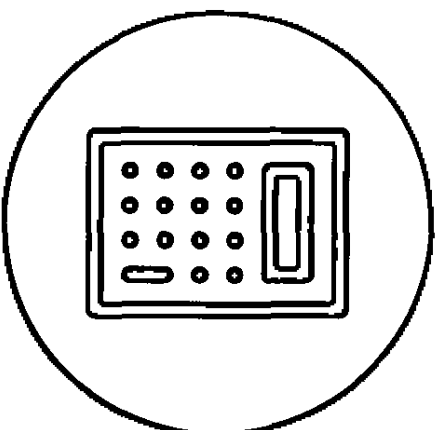
Registered office	c/o Deloitte LLP, 2 Hardman St, Manchester, M60 2AT
Company number	4456494
Date of appointment	22-Jan-16



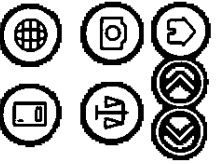


## Remuneration and expenses

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## Remuneration and expenses

### Joint Liquidators' remuneration

#### Joint Liquidators' remuneration

"A Creditors' Guide to Remuneration" is available for download at [http://www.deloitte-  
insolvencies.co.uk/s-  
z/woodford-group-plc---in-compulsory-liquidation.aspx](http://www.deloitte-insolvencies.co.uk/s-z/woodford-group-plc---in-compulsory-liquidation.aspx)

Should you require a paper copy, please send your request in writing to us at the address on the front of this report and this will be provided to you, at no cost

#### Basis of remuneration

The basis of remuneration was fixed on 24 October 2009 in the preceding Administration by the Secured Creditor, to be drawn together with any disbursements as and when the Administrators saw fit, as follows

- By reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT

Given no further realisations are anticipated, the Joint Liquidators will not draw fees from case realisations

The Secured Creditor has agreed to fund the Joint Liquidators costs of £3k per annum which is based on the Joint Liquidators fees estimate for dealing with statutory matters

The Joint Liquidators do not anticipate requesting permission to draw a further fee from the Secured Creditor



# Remuneration and expenses

## Joint Liquidators' remuneration

### Joint Liquidators' remuneration

#### Time costs – Fees drawn to date

We have not drawn remuneration during the report period

### Charge out rates

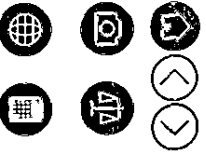
#### Restructuring Services charge out rates (£/hour)

Grade	From 1 Sept 2015	From 1 Sept 2016
Partners & Directors	645 - 1,020	660 - 1,045
Assistant Directors	500 - 770	515 - 790
Managers	430 - 695	440 - 710
Assistant Managers	325 - 550	335 - 565
Assistants & Support	80 - 325	80 - 335

The average charge out rates applicable to this case are provided above

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Financial Advisory or Deloitte Real Estate may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands

Charge out rates last increased on 1 September 2016



# Remuneration and expenses

## Joint Liquidators' remuneration

### Joint Liquidators' remuneration

#### Work undertaken – time costs

Our time costs for the period since the date of appointment on 22 January 2016 are £13,790.00 made up of 26 hours at an average charge out rate of £530.38/hour across all grades of staff

#### Fees drawn to date

We have not drawn any remuneration in the report period. The Joint Liquidators will request payment of £3k from the Secured Creditor by way of a private treaty arrangement following distribution of this report in respect of time costs incurred in the first year of the Compulsory Liquidation

A detailed breakdown of these time costs are shown below. Please note that time is charged in six minute increments

### Joint Liquidators' time costs for the period 22 January 2016 to 22 January 2017

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerized time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed

Activity	Hours	Rate	Value	Hours	Rate	Value	Hours	Rate	Value	Hours	Rate	Value	Hours	Rate	Value
Administration and Planning	4.00	3,000.00	12,000.00	0.15	105.00	15.75	3.00	2,160.00	0.10	32.50	3.25	9,750.00	0.25	137.50	34.38
Chairing and Statutory Firm				13.25	9,947.50	132,500.00							22.25	11,867.50	264,375.00
Case Management and Closure				1.50	750.00	1,125.00							1.50	750.00	1,125.00
Final Accounts															
Lesson with Other Insolvency Practitioners															
General Reporting															
Investigations	4.00	3,000.00	12,000.00	14.80	7,302.50	108,035.00	3.00	2,160.00	0.10	32.50	3.25	9,750.00	24.00	12,775.00	322,250.00
Insighters															
Reports on Directors' Conduct															
Trading															
Day 1 Control of Trading															
Ongoing Trading															
Monitoring Trading															
Course of Trade															
Realisation of Assets															
Book Debts															
Other Assets (e.g. Stock)															
Chattel Assets															
Property, Fittings and Leasehold															
Retention of Title															
Sale of Business / Assets															
Third Party Assets															
Conditions															
Employment															
Professional															
Secured															
Shareholders				2.00	1,015.00	2,030.00							2.00	1,015.00	2,030.00
Unsecured				2.00	1,015.00	2,030.00							2.00	1,015.00	2,030.00
Case Specific Matters															
Litigation															
Permitted															
VAT															
Tax															
<b>TOTAL HOURS &amp; COST</b>	<b>4.00</b>	<b>3,000.00</b>	<b>12,000.00</b>	<b>18.80</b>	<b>8,517.50</b>	<b>161,625.00</b>	<b>3.00</b>	<b>2,160.00</b>	<b>0.10</b>	<b>32.50</b>	<b>32.50</b>	<b>9,750.00</b>	<b>28.00</b>	<b>13,790.00</b>	<b>530,340.00</b>
<b>AVERAGE RATE/HOUR PER GRADE</b>		<b>£ 743.00</b>		<b>£ 503.98</b>		<b>£ 438.00</b>			<b>£ 321.00</b>						
<b>FEES DRAWN</b>															



## Remuneration and expenses

### Detailed information

#### Disbursements

##### Category 1

These are payments made by us direct to third parties and for which no approval is required.

##### Category 2

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the liquidation estate.

#### Category 1 disbursements

	Incurring in report period	Paid	Unpaid
Statutory advertising	85	85	-

Total disbursements

85	85	-
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#### Category 2 disbursements

	Incurring in report period	Paid	Unpaid
£ (net)			

Total disbursements

-	-	-
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#### Creditors' right to request information

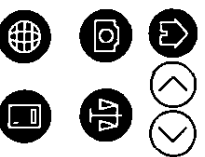
Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request the Joint Liquidators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 4.49E of the Rules.

#### Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 4.131 of the Rules), reducing the amount or the basis of remuneration which the Joint Liquidators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 4.131 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.





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