

***Eldon Street Holdings  
Limited –  
In Administration***

Joint Administrators' progress  
report for the period 9 December  
2015 to 8 June 2016

7 July 2016

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# ***Section 1 Purpose of the Joint Administrators' progress report***

## ***Introduction***

This is the 15th progress report prepared by the Joint Administrators (the "Administrators") of Eldon Street Holdings Limited ("Eldon Street" or the "Company").

This report provides an update on the work that the Administrators have undertaken and the progress made since their appointment, with particular focus on the developments in the six months to 8 June 2016 (the "reporting period"). It also provides information on the work required to complete the Administration.

## ***Objectives of the Administration***

The Administrators are pursuing the objective of achieving a better result for Eldon Street's creditors as a whole than would be likely if Eldon Street were wound up (without first being in Administration).

The specific aims of this Administration were to:

- protect and control Eldon Street's assets; and
- maximise value for Eldon Street from its real estate interests, intercompany debtors and shareholdings in Eldon Street's subsidiaries.

## ***Outcome for creditors***

On 24 June 2013, the Court granted the Administrators of Eldon Street permission to agree and pay a dividend in respect of the claims of its unsecured non-preferential creditors.

During the reporting period, the Administrators paid a fourth dividend of £24.3m to unsecured non-preferential creditors. This dividend represented 5.6 pence in the pound. To date, dividends paid to the Company's unsecured non-preferential creditors total £138.1m, representing 30.52 pence in the pound.

The Administrators anticipate that a further interim distribution will be made to creditors in due course.

## ***Extension of the Administration***

As advised in the Administrators' previous report, on 5 November 2015, the High Court granted the Administrators' application to extend the Administration by a further three years to 30 November 2018.

## ***Future reports***

The Administrators will next report to creditors in approximately six months.

Signed:



GE Bruce  
Joint Administrator  
Eldon Street Holdings Limited

*AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr were appointed as Joint Administrators of Eldon Street Holdings Limited to manage its affairs, business and property as agents without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:  
<https://www.gov.uk/government/publications/insolvencypractitioner-code-of-ethics>.*

*The Joint Administrators 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 Administration.*

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## ***Section 2 Joint Administrators' actions to date***

### ***Overview***

Eldon Street was incorporated as a holding company for a number of the Lehman Brothers group real estate investments.

On appointment, the key categories of assets owned by the Company were intercompany receivables and direct equity investments in subsidiaries. Eldon Street's subsidiaries hold real estate assets.

### ***Administrators' actions to date***

Since their appointment, the Administrators have taken steps to realise Eldon Street's key assets, details of which are set out below.

#### ***Intercompany debtors***

As previously reported, in conjunction with other UK affiliates, in October 2011 the Administrators entered into a settlement agreement (the "Agreement") with Lehman Brothers Holdings Inc. ("LBHI") and certain other estates previously subject to Chapter 11 proceedings in the USA. The Agreement culminated in plans of reorganisation, which became effective on 6 March 2012.

Pursuant to the Agreement, Eldon Street had claims against LBHI agreed at \$661.35m and \$28.56m for its direct and guarantee claims respectively.

During the reporting period, a ninth interim dividend of \$3.5m was received from LBHI, in respect of Eldon Street's direct and guarantee claims. To date, Eldon Street has received dividends from LBHI totalling \$194.5m.

Further dividends from LBHI are expected to be received on a six monthly basis.

Other amounts received during the reporting period include:

- a fourth interim distribution of £166k from Longmeade Limited; and
- a second interim distribution of £627k from Lehman Brothers Holdings plc (in Administration) ("LBH").

In total, distributions received from Longmeade Limited amount to £1.4m, representing 36.82p in the pound in respect of Eldon Street's admitted claim. The Company's claim in Longmeade Limited was subsequently sold in the reporting period for £1.1m.

Total distributions received from LBH are £1.9m, representing 6.08p in the pound in respect of Eldon Street's admitted claim.

#### ***Solvent subsidiaries***

In February 2015, five of Eldon Street's solvent subsidiaries were placed into Members' Voluntary Liquidation ("MVL"), with a further two solvent subsidiaries placed into MVL in January 2016. This facilitated the release of £3.1m to Eldon Street. This brings the total funds received from solvent subsidiaries to £19.9m.

The Administrators are working closely with the independent directors appointed to a number of the solvent Eldon Street subsidiaries. The Company continues to make payments on behalf of those subsidiaries which have no immediately available cash resources; such payments are only being made where the Administrators expect recoveries from the subsidiaries to exceed the costs being borne.

In addition, Eldon Street holds funds on behalf of some of the solvent subsidiaries which do not hold independent bank accounts. These funds have been disclosed in the receipts and payments account as 'Funds held on trust'. It is anticipated that these funds will be distributed in specie to Eldon Street in due course. No other funds are expected to be received from those entities.

The Administrators are considering the most efficient approach with regard to the remaining subsidiaries in order to maximise the return to its own creditors.

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## ***Investigations***

Nothing has come to the Administrators' attention during the reporting period to suggest that they need to do any more work in line with their duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2 ("SIP2").

## ***Outstanding matters***

The Company remains in Administration to continue to receive dividends from its solvent subsidiaries and LBHI.

## ***Tax***

The UK government announced in its March 2016 budget two reforms to the use of corporation tax loss relief that will apply from April 2017, subject to consultation.

As a result of these reforms, companies with significant brought forward tax losses may potentially become tax paying entities and sooner than previously forecast.

The Administrators will provide further commentary on the implications of this in future reports as and when the outcome of the consultation is known.

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## Section 3 Statutory and other information

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<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - case 11056 of 2008
<i>Full name:</i>	Eldon Street Holdings Limited
<i>Trading name:</i>	Eldon Street Holdings Limited
<i>Registered number:</i>	04108165
<i>Registered address:</i>	7 More London Riverside, London, SE1 2RT
<i>Date of the Administration appointment:</i>	9 December 2008
<i>Current Administrators' names and addresses:</i>	DA Howell, AV Lomas, JG Parr, SA Pearson and GE Bruce of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT.
<i>Appointer's name and address:</i>	The directors of the Company, 25 Bank Street, London, E14 5LE.
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for Eldon Street's creditors as a whole than would be likely if Eldon Street was wound up (without first being in Administration).
<i>Division of the Administrators' responsibilities:</i>	In relation to paragraph 100(2) of schedule B1 of the Insolvency Act 1986, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators, may be done by any or one or more of the persons for the time being holding that office.
<i>Details of any extensions of the initial period of appointment:</i>	The High Court of Justice has granted five successive extensions to the Administration period to 30 November 2010, 30 November 2011, 30 November 2013, 30 November 2013 and, more recently, to 30 November 2018.

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## ***Section 4 Financial information***

### ***Receipts and payments account***

An account of the receipts and payments in the Administration showing movements for the six months to 8 June 2016, together with cumulative transactions since commencement of the Administration, is set out in Section 5 of this report. As advised earlier in the Administration, all of the Company's assets are uncharged, there being no secured creditors.

Key movements in the reporting period include:

- Dividends totalling \$3.5m received from LBHI, equivalent to c£2.5m;
- Dividends totalling £3.1m received from Eldon Street's solvent subsidiaries, paid out of funds held on trust;
- £1.1m received from the sale of a creditor claim and assignment of receivables;
- £794k received relating to intercompany debtors;
- £8k of bank account interest and £40k of interest from the investment of funds on the money markets;
- Payment of £345k plus VAT relating to Administrators' fees and disbursements;
- Payment of insurance costs of £57k plus VAT;
- Payment of legal fees of £27k plus VAT; and
- Payment of employee costs of £171k.

### ***Administrators' expenses***

In accordance with revised Statement of Insolvency Practice 9 ("SIP9"), which took effect on 1 December 2015, the Administrators are required to provide a statement of all expenses incurred during the period.

Accordingly, set out in Section 6 of this report is a statement of the expenses that the Administrators have incurred from the date of their appointment to 8 June 2016, together with a comment on estimated future expenses.

### ***Administrators' remuneration***

In February 2009, the Administrators requested and received approval from Eldon Street's creditors for the Administrators' remuneration be fixed by reference to the time properly given by them and the various grades of their staff. The Administrators were also authorised to draw their remuneration from time to time.

In accordance with SIP9, the following information has been provided in Section 7 of this report:

(i) an analysis of the Administrators' time costs for the period 1 December 2015 to 31 May 2016, together with cumulative time costs from the date of the Administrators' appointment to 31 May 2016; and

(ii) a summary of the Administrators' time costs for the period 1 December 2015 to 31 May 2016, including the key categories of work undertaken, a description of why the work was necessary and whether or not the work was of financial benefit to the creditors or if it was undertaken because it was required by statute.

As at 8 June 2016, the Administrators have drawn remuneration of £2,715,912 plus VAT in respect of time costs incurred to 29 February 2016.

### ***Disbursements***

The Administrators are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

The Administrators' expenses policy allows for all properly incurred expenses to be recharged to the Administration.

To date, the Administrators have incurred Category 1 and Category 2 disbursements of £68,047, of which £21 was incurred during the reporting period. Since the commencement of the Administration,

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disbursements totalling £65,928 have been paid. These comprise £1,596 of Category 1 disbursements and £64,332 of Category 2 disbursements.

### ***Creditors' rights***

Creditors have the right to ask for information and challenge an administrator's fees if they believe that they are too high. You can find an explanatory note online at:

<http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/a%20creditors%20guide%20to%20administrators%20fees%20010407.ashx>

Creditors can request a paper copy of the above guide free of charge by contacting [Lehman.affiliates@uk.pwc.com](mailto:Lehman.affiliates@uk.pwc.com).



# Section 5 Receipts and payments account for the period ended 8 June 2016

Receipts	Notes	As at		As at		As at		As at		As at		As at	
		8 Jun 2016 GBP	Movement GBP	8 Dec 2015 GBP	8 Jun 2016 EUR	Movement EUR	8 Dec 2015 EUR	8 Jun 2016 USD	Movement USD	8 Dec 2015 USD	8 Jun 2016 SEK	Movement SEK	8 Dec 2015 SEK
Corporation Tax refund		2,215,365	-	2,215,365	-	-	-	-	-	-	-	-	-
Contributions to the Pension Club Deal		11,800,000	-	11,800,000	-	-	-	-	-	-	-	-	-
Distributions from subsidiaries*		17,174,125	3,100,653	14,073,472	300,000	-	300,000	-	-	-	-	-	-
Intercompany debtors		2,025,457	793,642	1,231,815	-	-	-	194,202,226	3,507,752	190,694,475	-	-	-
Bank interest		664,432	47,730	616,701	3,093	-	3,093	86	86	-	820,487	-	820,487
Recovery of intercompany loan		280,000	-	280,000	-	-	-	-	-	-	-	-	-
Sale of tax losses		2,778,953	-	2,778,953	-	-	-	-	-	-	-	-	-
Net tax function costs recharged		414,124	-	414,124	-	-	-	-	-	-	-	-	-
Sale of creditor claims		1,100,000	1,100,000	-	-	-	-	-	-	-	-	-	-
Loans to subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Net third party funds		1,644	-	1,644	-	-	-	-	-	-	-	-	-
Funds held on trust		8,865,407	-	8,865,407	4,281,814	-	4,281,814	-	-	-	31,454,100	-	31,454,100
<b>Total receipts</b>	<b>1</b>	<b>47,319,508</b>	<b>5,042,026</b>	<b>42,277,480</b>	<b>4,584,907</b>	-	<b>4,584,907</b>	<b>194,202,312</b>	<b>3,507,837</b>	<b>190,694,475</b>	<b>32,274,587</b>	-	<b>32,274,587</b>
<b>Payments</b>													
Bank charges		52	-	52	51	-	51	307	75	232	264	-	264
Consultancy fees		11,446	-	11,446	-	-	-	-	-	-	-	-	-
Employee costs		716,658	151,373	565,285	-	-	-	-	-	-	-	-	-
Legal fees		684,823	26,907	657,916	-	-	-	-	-	-	-	-	-
Office costs		9,823	1,414	8,409	-	-	-	-	-	-	-	-	-
Funds held on trust		8,825,645	3,100,653	5,724,992	-	-	-	-	-	-	-	-	-
Contribution to Pension Club Deal		11,800,000	-	11,800,000	-	-	-	-	-	-	-	-	-
Pension related legal costs		209,146	-	209,146	-	-	-	-	-	-	-	-	-
Payments on behalf of subsidiaries		653,013	16,331	636,682	29,728	-	29,728	-	-	-	-	-	-
Professional fees		95,905	-	95,905	-	-	-	-	-	-	-	-	-
Registrars fees		400	-	400	-	-	-	-	-	-	-	-	-
IT costs		41,741	-	41,741	-	-	-	-	-	-	-	-	-
Statutory costs		43,803	9,576	34,227	-	-	-	-	-	-	-	-	-
Insurance		314,167	57,376	256,791	-	-	-	-	-	-	-	-	-
Joint Administrators' remuneration		2,715,912	345,093	2,370,819	-	-	-	-	-	-	-	-	-
Joint Administrators' category 1 disbursements		1,596	415	1,181	-	-	-	-	-	-	-	-	-
Joint Administrators' category 2 disbursements		64,332	-	64,332	-	-	-	-	-	-	-	-	-
Loans to subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Irrecoverable VAT	2	751,630	80,578	671,052	-	-	-	-	-	-	-	-	-
<b>Total payments</b>	<b>1</b>	<b>26,940,092</b>	<b>3,789,715</b>	<b>23,150,377</b>	<b>29,779</b>	-	<b>29,779</b>	<b>307</b>	<b>75</b>	<b>232</b>	<b>264</b>	-	<b>264</b>
<b>Intracompany transfers</b>													
Receipts		128,545,770	2,468,421	126,077,349	21,523	-	21,523	-	-	-	-	-	-
Payments		(1,644)	-	(1,644)	(4,576,651)	-	(4,576,651)	(194,200,919)	(3,507,676)	(190,693,243)	(32,274,323)	-	(32,274,323)
<b>Total receipts less total payments</b>	<b>1</b>	<b>148,923,543</b>	<b>3,720,732</b>	<b>145,202,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,086</b>	<b>86</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less: Distributions</b>													
1st dividend to unsecured creditors, declared in Oct 2013		55,372,350	-	55,372,350	-	-	-	-	-	-	-	-	-
2nd dividend to unsecured creditors, declared in Sept 2014		27,593,888	-	27,593,888	-	-	-	-	-	-	-	-	-
3rd dividend to unsecured creditors, declared in Mar 2015		30,880,299	-	30,880,299	-	-	-	-	-	-	-	-	-
4th dividend to unsecured creditors, declared in Mar 2016		24,256,382	24,256,382	-	-	-	-	-	-	-	-	-	-
<b>Total receipts less total payments less distributions</b>	<b>1</b>	<b>10,820,624</b>	<b>(20,535,650)</b>	<b>31,356,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,086</b>	<b>86</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash balances</b>													
HSBC (non-interest bearing)		10,780,861	9,772,328	1,008,533	-	-	-	1,086	86	1,000	-	-	-
Money Markets		-	(27,207,325)	27,207,325	-	-	-	-	-	-	-	-	-
Net funds held on Trust		39,762	(3,100,653)	3,140,415	-	-	-	-	-	-	-	-	-
	1, 3	<b>10,820,624</b>	<b>(20,535,648)</b>	<b>31,356,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,086</b>	<b>86</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes:

\*Includes distributions received by Eldon Street from its subsidiaries either in settlement of creditor balances or by way of a surplus due to the Company in its capacity as shareholder.

(1) Rounding errors may exist.

(2) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.

(3) Total cash at 8 June 2016 based on exchange rates at 8 June 2016 was £10,821,347 of which the net sum of £39,762 is held on trust.

## Section 6 Expenses

The table below provides details of the Administrators' expenses. Expenses are defined as amounts payable by the Administrators from the estate; they include the Administrators' fees but exclude distributions to creditors. The table also excludes any potential tax liabilities that may be payable as an Administration expense, as amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account in Section 5 of this report, which shows expenses actually paid during the period and the total paid to date.

In estimating future expenses, assumptions have been made relevant to the annual run rate and length of the current period of extension, where appropriate.

	Brought forward from preceding period £k	Paid in the period £k	Cumulative £k	Incurred and not paid £k	Estimated future £k	Anticipated total £k
Legal fees	658	27	685	53	377	1,115
Pension related legal costs	209	-	209	-	-	209
Employee wages & associated costs	565	151	716	-	400	1,116
Joint Administrators' remuneration & disbursements	2,439	346	2,782	92	1,735	4,609
Insurance	257	57	314	-	150	464
Statutory costs	34	10	44	-	20	64
Other supplier costs e.g. bank charges	150	-	150	-	50	200
Other	-	-	-	-	5,000	5,000
Irrecoverable VAT	671	81	752	28	436	1,216
<b>Total</b>	<b>4,983</b>	<b>672</b>	<b>5,652</b>	<b>173</b>	<b>8,168</b>	<b>13,993</b>

## Section 7 Joint Administrators' time costs for the period 1 December 2015 to 31 May 2016

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and treasury	-	-	15.55	7,609	30.50	8,681	40.60	9,541	86.65	25,831
Strategy and planning	65.60	52,026	119.00	64,122	31.75	8,979	2.65	602	219.00	125,729
Asset realisations	13.10	9,930	50.75	33,901	19.65	5,777	-	-	83.50	49,608
Creditors and distributions	10.60	8,353	11.10	5,068	15.05	4,079	10.05	2,372	46.80	19,872
Statutory and other compliance	6.90	5,584	9.00	4,045	37.15	10,223	35.75	8,114	88.80	27,966
Tax and VAT	8.90	9,188	39.65	23,413	55.67	20,827	19.00	3,642	123.22	57,070
LBIE recharges	0.02	16	-	-	0.93	251	-	-	0.95	267
<b>Total for the period 1 December 2015 to 31 May 2016</b>	<b>105.12</b>	<b>85,097</b>	<b>245.05</b>	<b>138,158</b>	<b>190.70</b>	<b>58,817</b>	<b>108.05</b>	<b>24,271</b>	<b>648.92</b>	<b>306,343</b>
<b>Average hourly rate for the six month period to 31 May 2016</b>										<b>472</b>
<b>Cumulative total to 31 May 2016</b>										<b>2,809,785</b>

Current charge out rates	Business Recovery Services	Specialist
	Max £/hr	Max £/hr
Grade	From 1 July 2015	From 1 July 2015
Partner	899	1262
Director	788	1108
Senior Manager	527	932
Manager	444	680
Senior Associate	371	505
Associate/Support Staff	236	235

The Administrators' remuneration has been fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. The minimum unit for time charged by the Joint Administrators and their staff is 0.05 of an hour.

\* Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a small number of hours, should we require their expert advice. Their rates do vary, however, the figures shown give an indication of the maximum rate per hour. In common with all professional firms, the scale rates used by the Joint Administrators from PricewaterhouseCoopers LLP may periodically rise (for example to cover annual inflation cost increase) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

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## ***Summary of the Joint Administrators' time costs for the period 1 December 2015 to 31 May 2016***

### **Accounting and Treasury - £25,831**

An essential function for the management of funds held by the Administrators on behalf of the Company, the Administrators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments for the benefit of the Company's creditors.

Activities include:

- Reconciliation of bank accounts;
- Arranging receipts and payments and coding of movements;
- Monitoring flow of funds into bank accounts;
- Managing funds in various institutions in order to mitigate risk;
- Dealing with funds on the money markets and inputting deals; and
- Dealing with funds held on behalf of subsidiaries and management of receipts and payments.

### **Strategy and Planning - £125,729**

The Administrators and their staff have invested a large proportion of their time in the planning and delivery of their strategy for the progression of the Administration. The Administrators consider that their actions support their 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) and anticipate that the Company will be dissolved after conclusion of the Administration.

Activities include:

- Considerations of strategy to bring the Administration to an early conclusion;
- Review of assets in subsidiary companies and discussions regarding how these can be best managed in order to achieve closure of the subsidiary estates;
- Discussions with stakeholders in regards to this strategy;
- Review of financial information including updating the estimated outcome statement; and
- Updating strategy documents.

### **Asset Realisations - £49,608**

The Administrators continue to invest time realising assets for the benefit of creditors.

Activities include:

- Liaising with team working on the liquidations of Eldon Street's solvent subsidiaries;
- Dealing with receipts from LBHI and the solvent subsidiaries;
- Reviewing and amending legal documents;
- Overseeing the independent directors of subsidiaries which continue to hold and manage assets; and
- Negotiations with parties in relation to the sale of the Longmeade Limited claim.

### **Creditors and Distributions - £19,872**

Activities include:

- Fourth distribution to unsecured creditors;
- Maintaining creditor schedules; and
- Responding to creditor queries.

These activities are in accordance with the Administrators' statutory duties.

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## **Statutory and Compliance - £27,966**

The following tasks were undertaken in accordance with the Administrators' statutory obligations or internal compliance:

- Preparation of Administrators' 14th progress report, including circulating progress report to creditors;
- Statutory filings at Companies House and Court;
- Preparation of receipts and payments account for reports to creditors;
- Preparation of detailed remuneration summary;
- Preparation of the Administrators' six monthly review summary;
- Maintaining case files, website and database;
- Review of impact of new requirement to maintain a register of people with significant control; and
- Consideration of the Administrators' SIP2 obligations.

## **Tax and VAT - £57,070**

The following tasks were undertaken in accordance with the Joint Administrators' statutory obligations or internal compliance. In addition, certain tasks were undertaken for the benefit of creditors.

- Consideration of strategy with the tax team;
- Preparing and implementing tax protocol regarding the sale and purchase of tax losses;
- Reviewing strategies for sub group companies including due diligence for potential solvent liquidations;
- Dealing with corporation tax and VAT queries;
- Preparation of post-appointment tax computations;
- VAT reconciliation and preparation of VAT returns;
- Senior Accounting Officer work; and
- Discussions regarding tax provision and closure strategy.

## **LBIE Recharges - £267**

This is an apportionment of the costs incurred by LBIE associated with the companies which are in administration. The indirect benefit to the Company's creditors is through cost savings from the centralisation of services. The recharges relate to:

- Providing central estate accounting services including forecasting, reporting and application of appropriate controls for shared service costs;
- Controlling and reporting time costs incurred for the provision of shared services and analysing and preparing monthly fee reports on time costs; and
- Dealing with sundry ad-hoc requests.

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## ***Section 8 Joint Administrators' estimate of future time costs***

The Administrators continue to actively progress all matters pertaining to the estate. This includes liaising with the liquidators of Eldon Street's solvent subsidiaries and collecting distributions from these entities and LBHI.

The Administrators estimate that their future time costs to complete the Administration will be c.£1.7m, broadly analysed as follows:

	(£000)
Accounting and treasury	175
Strategy and planning	860
Asset realisations	150
Creditors and distributions	50
Statutory and other compliance	180
Tax and VAT	270
Disbursements	50

The above figures assume that:

- the Administration will be concluded prior to 30 November 2018, when a further extension would be required;
- time costs relating to care and maintenance of the case will be incurred at a similar rate to the reporting period; and
- there will be a further two distributions to creditors.

### ***Relationships***

The Administrators have no business or personal relationships with the parties who approve their fees or who provide services to the Administration where the relationship could give rise to a conflict of interest.

### ***Details of subcontracted work***

Certain centralised services are undertaken on behalf of Eldon Street by employees retained by LBIE; this includes the provision of certain tax and VAT services and key staff resource. Historically, the costs of such services has been recharged to Eldon Street on a time costs basis and disclosed separately as part of the Administrators' fee analysis. During the period covered by this report, this arrangement ceased and the costs are now invoiced to Eldon Street.

### ***Legal firms***

The Administrators have instructed Linklaters LLP ("Linklaters") to assist with various legal matters arising in the Administration. In addition, the directors of the subsidiaries have instructed Reed Smith LLP.

The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether a conflict exists.

Linklaters have been selected for their industry knowledge. Fees are charged on a time costs basis.

All professional firms instructed by the Administrators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Administrators have satisfied themselves that the level of legal and professional costs are appropriate.