

*Eldon Street Holdings  
Limited –  
In Administration*

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

22 December 2016

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# Section 1 Purpose of the Joint Administrators' progress report

## Introduction

This is the 16th 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 December 2016 (the "reporting period").

## Objectives of the Administration

The Administrators have pursued 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

Creditors will recall that on 24 June 2013, the Court granted the Administrators permission to make distributions to its unsecured creditors.

On 9 September 2016 the Administrators declared and paid a fifth interim dividend of 1.65p in the £ equivalent to £7.2m to the Company's unsecured creditors, whose claims had been admitted for dividend purposes.

To date, dividends paid to the Company's unsecured creditors equates to £145.3m, representing 32.17p in the £.

The Administrators anticipate that a further interim distribution will be made in the first quarter of 2017, although the quantum is uncertain.

## Future reports

The Administrators' next progress report to creditors will be sent 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 reported previously, on 24 October 2011 the Company acting by its Administrators (in conjunction with other UK affiliates) entered into a settlement agreement (the "Agreement") with Lehman Brothers Holdings Inc. ("LBHI") and certain other affiliates previously subject to Chapter 11 proceedings in the USA in respect of intercompany claims. 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 \$611.35m and \$28.56m for its direct and guarantee claims, respectively.

During the reporting period, the Company received two further interim dividends of \$13.8m and \$0.6m from LBHI, in respect of Eldon Street's direct and guarantee claims, respectively. To date, Eldon Street has received dividends from LBHI totalling \$208.6m.

Future dividend receipts are anticipated from LBHI on a six monthly basis.

#### **Solvent subsidiaries**

As reported previously, 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. In the period, the Company has received a further £25k from its solvent subsidiaries. This brings the total funds received from solvent subsidiaries to £19.9m.

The original five subsidiaries were dissolved on 20 November 2016 and the final meetings of the other two are scheduled for early January 2017. These will be dissolved approximately three months after. A further two subsidiaries are likely to be placed into by April 2017.

The Administrators are working closely with the independent directors appointed to a number of the solvent Eldon Street subsidiaries which in turn have investments in property joint ventures with third party companies. The Company continues to make payments on behalf of those subsidiaries which have no immediately available cash. Such payments are only being made where the Administrators expect recoveries from the subsidiaries to significantly exceed the costs being borne. In addition, to mitigate ongoing costs the Administrators have taken steps to transfer the joint venture investments into a single subsidiary.

Eldon Street also hold 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 significant funds are expected to be received from those entities.

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

### ***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 2 ("SIP2").

### ***Outstanding matters***

The Company remains in Administration to realise its assets which are principally dividends due from its solvent subsidiaries and LBHI.

### ***Tax***

The corporation tax return for the 2015 period has been drafted and will be submitted shortly. The corporation tax returns for all periods up to and including 2014 have been submitted and agreed.

As reported in a prior period, 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, United Kingdom
<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:</i>	The directors of the Company
<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 2015 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 for the six months to 8 December 2016, and a cumulative total since commencement of the Administration, is set out in Section 5.

Key movements in the reporting period include:

- Dividends totalling \$14.4m received from LBHI;
- Dividends totalling £25k received from Eldon Street's solvent subsidiaries, paid out of funds held on trust;
- £154k received from sale of tax losses;
- Payment of £236k plus VAT relating to Administrators' fees and disbursements;
- Payment of legal fees of £56k plus VAT; and
- Payment of employee costs of £67k.

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

As outlined in the Administrators' previous report, Statement of Insolvency Practice 9 ("SIP9") was revised with effect from 1 December 2015.

As required by the revised SIP9, set out in Section 6 of this report is a statement of expenses incurred by the Administrators since their appointment, together with an estimate of future expenses.

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

In February 2009, the Administrators requested and received approval from Eldon Street's creditors for the Administrators' remuneration to 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 June 2016 to 30 November 2016, together with cumulative time costs from the date of the Administrators' appointment; and

(ii) a summary of the Administrators' time costs for the period 1 June 2016 to 30 November 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 required by statute.

As at 8 December 2016, the Administrators had drawn remuneration of £2.9m plus VAT in respect of time costs incurred to 31 August 2016.

Time costs for the six months to 30 November 2016 total £219,160 plus VAT, which represents 537 hours at an average hourly rate of £408.

### ***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.

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs and insolvency office holders' insurance.

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

The Administrators incurred category 1 disbursements of £221 in the six months from 1 June 2016. These have not yet been paid.

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No category 2 disbursements were incurred or paid during the six months to 30 November 2016.

### ***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 December 2016

Receipts	Notes	As at 8 Dec 2016 GBP	Movement GBP	As at 8 Jun 2016 GBP	As at 8 Dec 2016 EUR	Movement EUR	As at 8 Jun 2016 EUR	As at 8 Dec 2016 USD	Movement USD	As at 8 Jun 2016 USD	As at 8 Dec 2016 SEK	Movement SEK	As at 8 Jun 2016 SEK
Corporation Tax refund	1	2,215,365	-	2,215,365	-	-	-	-	-	-	-	-	-
Contributions to the Pension Club Deal		11,800,000	-	11,800,000	-	-	-	-	-	-	-	-	-
Distributions from subsidiaries	2	17,198,977	24,852	17,174,125	300,000	-	300,000	-	-	-	-	-	-
Intercompany debtors		2,030,597	5,139	2,025,458	-	-	-	208,616,333	14,414,107	194,202,226	-	-	-
Bank interest		673,345	8,913	664,432	3,093	-	3,093	1,999	1,913	86	820,487	-	820,487
Recovery of intercompany loan		280,000	-	280,000	-	-	-	-	-	-	-	-	-
Sale of tax losses		2,933,341	154,388	2,778,953	-	-	-	-	-	-	-	-	-
Net tax function costs recharged		414,124	-	414,124	-	-	-	-	-	-	-	-	-
Sale of creditor claims		1,100,000	-	1,100,000	-	-	-	-	-	-	-	-	-
Net third party funds		1,644	-	1,644	-	-	-	-	-	-	-	-	-
Funds held on trust		8,865,407	-	8,865,407	4,911,814	630,000	4,281,814	-	-	-	31,454,100	-	31,454,100
<b>Total receipts</b>	3	<b>47,512,800</b>	<b>193,292</b>	<b>47,319,508</b>	<b>5,214,907</b>	<b>630,000</b>	<b>4,584,907</b>	<b>208,618,332</b>	<b>14,416,020</b>	<b>194,202,312</b>	<b>32,274,587</b>	-	<b>32,274,587</b>
<b>Payments</b>													
Bank charges		52	-	52	51	-	51	477	170	307	264	-	264
Consultancy fees		11,446	-	11,446	-	-	-	-	-	-	-	-	-
Employee costs	4	791,927	66,860	725,067	-	-	-	-	-	-	-	-	-
Legal fees		741,337	56,514	684,823	-	-	-	-	-	-	-	-	-
Serviced Office Provision	4	10,414	9,000	1,414	-	-	-	-	-	-	-	-	-
Funds held on trust		8,855,499	29,854	8,825,645	-	-	-	-	-	-	-	-	-
Contribution to Pension Club Deal		11,800,000	-	11,800,000	-	-	-	-	-	-	-	-	-
Pension related legal costs		209,146	-	209,146	-	-	-	-	-	-	-	-	-
Payments on behalf of subsidiaries	5	667,440	14,427	653,013	29,728	-	29,728	-	-	-	-	-	-
Professional fees		95,905	-	95,905	-	-	-	-	-	-	-	-	-
Registrars fees		400	-	400	-	-	-	-	-	-	-	-	-
IT costs		41,741	-	41,741	-	-	-	-	-	-	-	-	-
Statutory costs		55,190	11,387	43,803	-	-	-	-	-	-	-	-	-
Insurance		314,167	-	314,167	-	-	-	-	-	-	-	-	-
Joint Administrators' remuneration		2,952,323	236,411	2,715,912	-	-	-	-	-	-	-	-	-
Joint Administrators' category 1 disbursements		1,596	-	1,596	-	-	-	-	-	-	-	-	-
Joint Administrators' category 2 disbursements		64,332	-	64,332	-	-	-	-	-	-	-	-	-
Irrecoverable VAT	6	815,378	63,748	751,630	-	-	-	-	-	-	-	-	-
<b>Total payments</b>		<b>27,428,293</b>	<b>488,201</b>	<b>26,940,092</b>	<b>29,779</b>	-	<b>29,779</b>	<b>477</b>	<b>170</b>	<b>307</b>	<b>264</b>	-	<b>264</b>
<b>Intracompany transfers</b>													
Receipts		136,918,030	8,372,260	128,545,770	21,523	-	21,523	(204,451,596)	(10,250,677)	(194,200,919)	-	-	(32,274,323)
Payments		(1,644)	-	(1,644)	(4,576,651)	-	(4,576,651)	-	-	-	-	-	-
<b>Total receipts less total payments</b>		<b>157,000,893</b>	<b>8,077,351</b>	<b>148,923,542</b>	<b>630,000</b>	<b>630,000</b>	<b>-</b>	<b>4,166,258</b>	<b>4,165,172</b>	<b>1,086</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	-	-	-	-	-	-	-	-	-
5th dividend to unsecured creditors, declared in Sept 2016	7	4,006,955	4,006,955	-	-	-	-	4,163,345	4,163,345	-	-	-	-
<b>Total receipts less total payments less distributions</b>		<b>14,891,019</b>	<b>4,070,396</b>	<b>10,820,624</b>	<b>630,000</b>	<b>630,000</b>	<b>-</b>	<b>2,913</b>	<b>1,827</b>	<b>1,086</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash balances</b>													
HSBC	8	891,019	(9,929,605)	10,820,624	630,000	630,000	-	2,913	1,827	1,086	-	-	-
Money Markets	9	14,000,000	14,000,000	-	-	-	-	-	-	-	-	-	-
	10	<b>14,891,019</b>	<b>4,070,395</b>	<b>10,820,624</b>	<b>630,000</b>	<b>630,000</b>	<b>-</b>	<b>2,913</b>	<b>1,827</b>	<b>1,086</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes:

- (1) All of the Company's assets are uncharged, there being no secured creditors.
- (2) Includes distributions received by Edon 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.
- (3) The estimated to realise values of assets shown in the directors' statement of affairs do not represent a meaningful comparison with the current position and are therefore excluded.
- (4) In prior periods 'Office Costs' were aggregated. This category of costs has been split to separate 'Employee Costs' and 'Serviced Office Provision' to show employee wages and associated costs, respectively.
- (5) Payments on behalf of subsidiaries include audit fees and professional costs.
- (6) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- (7) A fifth interim dividend of 1.65 pence in the £ was declared and paid to all unsecured creditors with the payment made from Sterling (£4m) and USDollars (\$4.2m).
- (8) The Company's GBP and USD accounts are interest bearing. The EUR account is non-interest bearing.
- (9) Funds are invested on the money markets in order to accrue interest and to manage risk.
- (10) Total cash at 8 December 2016 based on exchange rates at 8 December 2016 was £15,425,929.

## 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.

	<b>Brought forward from preceding period £k</b>	<b>Paid in the period £k</b>	<b>Cumulative £k</b>	<b>Incurred and not paid £k</b>	<b>Estimated future £k</b>	<b>Anticipated total £k</b>
Legal fees	685	57	742	-	373	1,115
Pension related legal costs	209	-	209	-	-	209
Employee wages and associated costs	726	76	802	-	314	1,116
Administrators' remuneration and disbursements	2,782	236	3,018	-	1,600	4,618
Insurance	314	-	314	-	150	464
Statutory costs	44	11	55	-	9	64
Other supplier costs e.g. Bank charges	140	-	140	-	50	190
Irrecoverable VAT	752	64	816	-	400	1,216
<b>Total</b>	<b>5,652</b>	<b>444</b>	<b>6,096</b>	<b>-</b>	<b>2,896</b>	<b>8,992</b>

## *Section 7 Joint Administrators' time costs for the period 1 June 2016 to 30 November 2016*

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and treasury	0.20	158	12.35	5,702	22.60	6,300	40.40	9,534	75.55	21,694
Strategy and planning	23.30	18,360	68.50	35,653	19.20	5,323	7.25	1,711	118.25	61,047
Asset realisations	-	-	44.30	28,965	4.70	1,494	-	-	49.00	30,459
Creditors and distributions	3.80	2,994	2.30	1,021	13.40	3,631	17.55	4,143	37.05	11,789
Statutory and other compliance	3.50	2,902	24.00	11,423	94.90	26,793	58.40	13,589	180.80	54,707
Tax and VAT	14.80	15,265	24.75	14,857	21.00	6,287	15.90	3,055	76.45	39,464
<b>Total for the period 1 June 2016 to 30 November 2016</b>	<b>45.60</b>	<b>39,679</b>	<b>176.20</b>	<b>97,621</b>	<b>175.80</b>	<b>49,828</b>	<b>139.50</b>	<b>32,032</b>	<b>537.10</b>	<b>219,160</b>
<b>Average hourly rate for the six month period to 30 November 2016</b>										<b>408</b>
<b>Cumulative total to 30 November 2016</b>										<b>3,033,207</b>

Current charge out rates	Business Recovery Services	Specialist
	Max £/hr	Max £/hr
Grade	From 1 July 2015	From 1 July 2015
Partner	899	1,262
Director	788	1,108
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 Administrators and their staff in attending to matters arising in the Administration. The minimum unit for time charged by the Administrators and their staff is 0.05 of an hour.

Specialist departments within PwC, 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.

Per the agreement with Lehman Brothers International (Europe) ("LBIE")'s creditors' committee, the LBIE charge-out rates were held unchanged from 1 July 2012 to 30 June 2015. An increase of 3% in charge-out rates is effective from 1 July 2015 to 30 June 2017, and in line with other Group affiliates controlled by the Firm's office holders, this approach is also used for Eldon Street.

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## ***Summary of the Joint Administrators' time costs for the period 1 June 2016 to 30 November 2016***

### **Accounting and treasury - £21,694**

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 - £61,047**

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 - £30,459**

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; and
- Overseeing the independent directors of subsidiaries which continue to hold and manage assets.

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## **Creditors and distributions - £11,789**

Activities include:

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

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

## **Statutory and compliance - £54,707**

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

- Preparation of Administrators' 15th 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 - £39,464**

The following tasks were undertaken in accordance with the 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.

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## ***Section 8 Estimated future costs and other matters***

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.£1.6m, broadly analysed as follows:

	<b>£000</b>
Accounting and treasury	160
Strategy and planning	820
Asset realisations	120
Creditors and distributions	40
Statutory and other compliance	160
Tax and VAT	250
Disbursements	50
<b>Total</b>	<b>1,600</b>

The above figures assume that:

- the Administration will continue to 30 November 2018, when a further extension would be required;
- time costs relating to compliance and maintenance of the case will be incurred at a similar rate to the reporting period; and
- there will be at least two further 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 and LB SF Warehouse Limited; this includes the provision of certain tax and VAT services and key staff resource, of which the indirect benefit to the Company's creditors is through cost savings from the centralisation of services. The costs of such services are recharged to Eldon Street on a time costs basis. In the reporting period, Eldon Street has paid £67k in relation to the services detailed below.

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<b>Service provided</b>	<b>Name of firm / organisation</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Tax Services	LBIE	Prior/Industry knowledge	Time costs
Portfolio Management	LB SF Warehouse Limited	Prior/Industry knowledge	Time costs

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## ***Legal firms***

The Administrators have instructed the following professionals 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.

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<b>Service provided</b>	<b>Name of firm / organisation</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Legal services	Linklaters LLP	Industry knowledge	Time costs
Legal services	Reed Smith LLP	Industry knowledge	Time costs

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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 are satisfied that the level of legal and professional costs are appropriate.