

Eldon Street Holdings Limited – In Administration

Joint Administrators' progress
report for the period 9 December
2017 to 8 June 2018

4 July 2018

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the 19th 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 2018 (the "reporting period").

Objective 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 are 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 High Court granted the Administrators permission to make distributions to its unsecured creditors.

During the course of the administration, the Administrators have declared and paid eight interim cash distributions totalling £202m to Eldon Street's unsecured creditors, representing a cumulative dividend of 45.192 pence in the pound. Please refer to Section 2 for further details.

The Administrators expect to make further interim cash distributions, although the precise timing and quantum is uncertain.

Extension to the term of office

The Administrators' term of office is due to expire on 30 November 2018. The Administrators intend to make an application to Court to request a further extension in order to continue to pursue the objective of the Administration and realise the remaining assets.

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 may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

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.

Debtor realisations

Lehman Brothers Holdings Inc. ("LBHI")

Eldon Street's direct and guarantee claims against LBHI were admitted in the amounts of \$611.35m and \$28.56m respectively.

In the reporting period, LBHI paid a 15th interim dividend, resulting in Eldon Street receiving a further \$112k in respect of its guarantee claim. Cumulative dividends from LBHI total \$226.6m.

In December 2017, Eldon Street sold its direct claim against LBHI, resulting in proceeds of sale of \$22.6m being received.

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

Lehman Brothers Holdings plc ("LBH")

Eldon Street has an admitted claim against LBH of £31.3m. Cumulative receipts from LBH total £21.7m.

The extent to which LBH is able to pay further distributions to Eldon Street is currently uncertain, depending to some degree upon whether LBH is able to make a recovery from a subordinated debt claim it has in another insolvent Lehman entity, LB Holdings Intermediate 2 Ltd (in Administration) ("LBHI2). There is a competing subordinated debt claim into LBHI2 and LBHI2's administrators have

applied to Court for directions as to the priority in which the holders of the subordinated debts should receive distributions. The outcome of this application will directly impact the quantum of total distributions Eldon Street receives from LBH.

Realisations from subsidiaries

It remains the Administrators' intention to reorganise the underlying assets of subsidiaries which include its three remaining solvent subsidiaries, Eldon Street (Birchin) Limited ("Birchin"), Eldon Street (Fidenza) Limited and Eldon Street (Jefferson) Limited ("Jefferson") in order to maximise recoveries for creditors and reduce operational costs. This may, if considered to be in the best interests of creditors, lead to one or more of the solvent subsidiaries being placed into Members' Voluntary Liquidation ("MVL"). In this reporting period, the Administrators have continued to work closely with the directors of the remaining solvent subsidiaries and the liquidators of some of its other subsidiaries with Birchin expected to be placed into a MVL and one of Jefferson's own subsidiaries placed into a winding up process overseas.

Eldon Street holds funds on behalf of some of the subsidiaries, which do not hold independent bank accounts. These funds have been disclosed in the receipts and payments account as 'Funds held on trust'.

Funds received from subsidiaries (including the 7 subsidiaries which are now dissolved) total £20m.

Distributions to creditors

On 20 March 2018, the Administrators made an eighth interim distribution to unsecured creditors of 5.710 pence in the pound. As a result, £202m has now been distributed to the Company's unsecured creditors, equating to a cumulative dividend of 45.192 pence in the pound.

Corporation Tax

The corporation tax return for the 2016 period has been submitted to HM Revenue & Customs ("HMRC") and showed a profit of £1.2m for the period which was sheltered by losses brought forward. The enquiry period for the 2016 corporation tax return closes on 30 April 2019 and

the enquiry period for the 2015 corporation tax computation closes on 31 July 2018. All corporation tax returns up to and including the 2014 year have been agreed by HMRC. The tax computation for the 2017 period will be drafted in due course.

The company is VAT exempt. All group VAT returns are up to date.

Finance (No.2) Act 2017

Eldon Street has losses carried forward of £7.8m. New rules may affect the utilisation of any losses carried forward and the availability of losses in the wider group for group relief purposes.

Regulatory obligations

The Administrators have met their obligations under the Senior Accounting Officer legislation and submitted the 2016 certificate and notification, and complied with their obligations regarding the publication of the Lehman group Tax Strategy. The Administrators have also adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards and have considered their obligations under the new Corporate Criminal Offence rules which came into effect in September 2017.

Investigations and actions

Nothing has come to the Administrators' attention in the course of the Administration or during the reporting period to suggest that any further work is required in accordance with the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice 2.

Outstanding matters

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

Section 3 Statutory and other information

<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 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 to 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 30 November 2018.

Section 4 Financial information

Receipts and payments account

An account of the receipts and payments for the reporting period, together with a cumulative total since commencement of the Administration, is set out in Section 5.

Key movements in the reporting period include:

- Debtor receipt of \$0.1m;
- Proceeds of sale of Eldon Street's direct claim against LBHI of \$22.6m;
- Eighth interim distribution to unsecured creditors of £24.7m; and
- Administrators' fees of £0.2m plus VAT.

Administrators' expenses

Set out in Section 6 is a statement of the expenses that the Administrators have incurred from the date of their appointment to 8 June 2018, 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.

The following information has been provided in Section 7:

(i) an analysis of the Administrators' time costs for the period 1 December 2017 to 31 May 2018, including the cumulative total time costs from the date of the Administrators' appointment to 31 May 2018; and

(ii) a summary of the Administrators' time costs for the period 1 December 2017 to 31 May 2018 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 June 2018, the Administrators have drawn remuneration of £3.6m plus VAT in respect of time costs incurred to 30 April 2018.

Time costs to 31 May 2018 total £179,567 plus VAT, which represents 418 hours at an average hourly rate of £429.

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 the Administrators' 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 £30 plus VAT in the reporting period. These have not yet been paid. No Category 2 disbursements were incurred or paid.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 Insolvency (England & Wales) Rules 2016 ("IR16"). Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees 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.

Section 5 Receipts and payments account for the period ended 8 June 2018

	8 Jun 2018	GBP Movements in Period	8 Dec 2017	8 Jun 2018	EUR Movements in Period	8 Dec 2017	8 Jun 2018	USD Movements in Period	8 Dec 2017	8 Jun 2018	SEK Movements in Period	8 Dec 2017
Receipts												
Corporation Tax refund (Note 1)	2,210,311	-	2,210,311	-	-	-	-	-	-	-	-	-
Contribution to the Pension Club Deal	11,800,000	-	11,800,000	-	-	-	-	-	-	-	-	-
Distributions from subsidiaries (Note 1, 2)	14,434,492	-	14,434,492	4,600,188	-	4,600,188	-	-	-	32,274,323	-	32,274,323
Intercompany debtors (Note 1)	24,530,301	17	24,530,284	-	-	-	226,575,471	112,349	226,463,122	-	-	-
Bank interest	741,271	42,573	698,698	3,093	-	3,093	4,743	1,351	3,392	820,487	-	820,487
Recovery of intercompany loan	280,000	-	280,000	-	-	-	-	-	-	-	-	-
Sale of tax losses	2,933,341	-	2,933,341	-	-	-	-	-	-	-	-	-
Net tax function costs recharged	414,124	-	414,124	-	-	-	-	-	-	-	-	-
Sale of creditor claims	1,100,000	-	1,100,000	-	-	-	22,619,960	22,619,960	-	-	-	-
Funds held on trust (Note 1)	8,877,971	-	8,877,971	4,933,337	-	4,933,337	-	-	-	31,454,100	-	31,454,100
Total receipts	67,321,811	42,590	67,279,221	9,536,618	-	9,536,618	249,200,174	22,733,660	226,466,514	64,548,910	-	64,548,910
Payments												
Bank charges	52	-	52	51	-	51	817	85	732	264	-	264
Consultancy fees	11,446	-	11,446	-	-	-	-	-	-	-	-	-
Employee costs	953,324	96,300	857,024	-	-	-	-	-	-	-	-	-
Legal fees	804,516	19,236	785,280	-	-	-	-	-	-	-	-	-
Serviced Office Provision	13,414	-	13,414	-	-	-	-	-	-	-	-	-
Funds held on trust	8,834,991	14,500	8,820,491	4,930,188	-	4,930,188	-	-	-	32,274,323	-	32,274,323
Contribution to Pension Club Deal	11,800,000	-	11,800,000	-	-	-	-	-	-	-	-	-
Pension related legal costs	209,146	-	209,146	-	-	-	-	-	-	-	-	-
Payments on behalf of subsidiaries (Note 1, 3)	813,519	-	813,519	6,191	-	6,191	-	-	-	-	-	-
Professional fees	95,905	-	95,905	-	-	-	-	-	-	-	-	-
Registrars fees	400	-	400	-	-	-	-	-	-	-	-	-
IT costs	41,741	-	41,741	-	-	-	-	-	-	-	-	-
Statutory costs	85,143	10,562	74,581	-	-	-	-	-	-	-	-	-
Insurance	335,767	21,600	314,167	-	-	-	-	-	-	-	-	-
Joint Administrators' remuneration	3,554,676	209,830	3,344,846	-	-	-	-	-	-	-	-	-
Joint Administrators' category 1 disbursements	1,596	-	1,596	-	-	-	-	-	-	-	-	-
Joint Administrators' category 2 disbursements	26	-	26	-	-	-	-	-	-	-	-	-
Irrecoverable VAT (Note 4)	962,743	50,826	911,917	-	-	-	-	-	-	-	-	-
Total payments	28,518,405	422,854	28,095,551	4,936,430	-	4,936,430	817	85	732	32,274,587	-	32,274,587
Intracompany transfers												
Receipts	167,226,175	21,753,364	145,972,811	-	-	-	-	-	-	-	-	-
Payments	-	-	-	(4,600,188)	-	(4,600,188)	(245,033,661)	(29,104,100)	(215,929,561)	(32,274,323)	-	(32,274,323)
Total receipts less total payments	206,529,581	21,373,100	185,156,481	-	-	-	4,165,696	(6,370,525)	10,536,221	-	-	-
Less: Distributions												
1st dividend to unsecured creditors of 12p in the £, declared on 29 Oct 2013	55,372,350	-	55,372,350	-	-	-	-	-	-	-	-	-
2nd dividend to unsecured creditors of 5.98p in the £, declared on 4 Sep 2014	27,593,888	-	27,593,888	-	-	-	-	-	-	-	-	-
3rd dividend to unsecured creditors of 6.94p in the £, declared on 11 Mar 2015	30,880,299	-	30,880,299	-	-	-	-	-	-	-	-	-
4th dividend to unsecured creditors of 5.6p in the £, declared on 9 Mar 2016	24,256,382	-	24,256,382	-	-	-	-	-	-	-	-	-
5th dividend to unsecured creditors of 1.65p in the £, declared on 9 Sept 2016	4,006,955	-	4,006,955	-	-	-	4,163,345	-	4,163,345	-	-	-
6th dividend to unsecured creditors of 1.25p in the £, declared on 6 Feb 2017	5,414,371	-	5,414,371	-	-	-	-	-	-	-	-	-
7th dividend to unsecured creditors of 6.062p in the £, declared on 11 Sep 2017	26,256,130	-	26,256,130	-	-	-	-	-	-	-	-	-
8th dividend to unsecured creditors of 5.710p in the £, declared 20 Mar 2018	24,732,273	24,732,273	-	-	-	-	-	-	-	-	-	-
Total distributions	198,512,648	24,732,273	173,780,375	-	-	-	4,163,345	-	4,163,345	-	-	-
Total receipts less total payments less distributions	8,016,933	(3,359,173)	11,376,106	-	-	-	2,351	(6,370,525)	6,372,876	-	-	-
Cash balances												
HSBC (Note 5)	8,016,933	6,942,873	1,074,060	-	-	-	2,351	(6,370,526)	6,372,876	-	-	-
Money Markets (Note 6)	-	(10,302,046)	10,302,046	-	-	-	-	-	-	-	-	-
Total Cash (Note 7)	8,016,933	(3,359,173)	11,376,106	-	-	-	2,351	(6,370,526)	6,372,876	-	-	-

Notes:

- (1) Prior period adjustments have been made to recategorise funds held and payments made in relation to the Company's subsidiaries in order to accurately reflect the cash held.
- (2) 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.
- (3) Payments on behalf of subsidiaries include audit fees and professional costs.
- (4) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- (5) The Company's GBP and USD accounts are interest bearing. The EUR and SEK accounts are not interest bearing.
- (6) Funds are invested on the money markets in order to accrue interest and to manage risk.
- (7) Total cash at 8 June 2018 based on exchange rates at 8 June 2018 was £8,018,688.
- (8) 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.
- (9) All of the Company's assets are uncharged, there being no secured creditors.

Section 6 Expenses

The information in 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 payments made on behalf of subsidiaries and any potential tax liabilities, other than VAT, that may be payable as an Administration expense. Tax amounts becoming due will depend on the position at the end of the accounting period and the impact of any tax reform.

The table should be read in conjunction with the receipts and payments account in Section 5, which shows expenses actually paid during the period and the total paid to date but excludes those incurred which have not yet been paid.

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 and disbursements	785	19	804		311	1,115
Pension related legal costs	209	-	209		-	209
Employee wages and associated costs	870	96	966		364	1,330
Administrators' remuneration and disbursements	3,411	210	3,621	16	1,200	4,837
Insurance	314	22	336		78	414
Statutory costs	74	11	85		34	119
Other supplier costs e.g. bank charges	151	-	151		59	210
Irrecoverable VAT	912	51	963	3	321	1,287
Total	6,726	409	7,135	19	2,367	9,521

Section 7 Joint Administrators' time costs for the period 1 December 2017 to 31 May 2018

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and treasury	0.25	205	60.40	28,351	47.75	15,792	27.50	6,738	135.90	51,086
Strategy and planning	19.45	15,949	55.60	29,570	2.40	778	2.70	662	80.15	46,959
Asset realisations	3.00	2,460	5.80	3,178	0.40	154	0.10	25	9.30	5,817
Creditors and distributions	-	-	23.65	12,122	18.90	6,557	4.00	980	46.55	19,659
Statutory and other compliance	3.95	3,412	32.00	16,233	47.85	16,109	10.40	2,548	94.20	38,302
Tax and VAT	3.20	3,484	5.00	3,798	11.90	3,364	31.95	7,098	52.05	17,744
Total for the period 1 December 2017 to 31 May 2018	29.85	25,510	182.45	93,252	129.20	42,754	76.65	18,051	418.15	179,567
Average hourly rate for the six month period to 31 May 2018										429
Cumulative total to 31 May 2018										3,570,824

Current charge out rates	Business Recovery Services	Specialist
	Max £/hr	Max £/hr
Grade	From 1 July 2017	From 1 July 2017
Partner	935	1,312
Director	820	1,152
Senior Manager	548	969
Manager	462	707
Senior Associate	386	525
Associate/Support Staff	245	244

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 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 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.

Charge-out rates were held unchanged from 1 July 2012 to 30 June 2015. An increase of 3% in charge-out rates was effective from 1 July 2015 to 30 June 2017. An increase of 4% in charge-out rates is effective from 1 July 2017, and in line with other Group affiliates controlled by PricewaterhouseCoopers LLP's office holders, this approach is also used for ESH.

Note:

The cumulative total refers to the time costs incurred for the period 9 December 2008 to 31 May 2018, of which £ 3,554,675 has been drawn as fees.

Summary of the Joint Administrators' time costs for the period 1 December 2017 to 31 May 2018

Accounting and treasury - £51,086

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;
- Provision of information for the purposes of statutory reporting;
- Arrangement of receipts and payments and coding of movements;
- Monitoring flow of funds into bank accounts;
- Daily monitoring of funds held to ensure that the optimal level of funds are held on deposit;
- Analysis of interest rates available with counterparties;
- Managing funds in various institutions in order to mitigate risk;
- Verifying creditor payment details and processing eighth dividend payments;
- 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 - £46,959

The Administrators and their staff continue to invest 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:

- Review of the strategy for the Administration in relation to various matters and regular team meetings to consider case progression;
- Ongoing review of assets in subsidiary companies and determining strategies to best manage these in order to achieve closure thereof;
- Liaison with the directors of the remaining solvent subsidiaries regarding matters arising in relation to third parties and the impact on the timing of placing those entities into MVL;
- Discussions with stakeholders including liquidators of the subsidiaries in regards to this strategy;
- Planning and delivering the strategy for the eighth interim distribution to creditors;
- Review of financial information including updating the estimated outcome statement; and
- Updating strategy documents.

Asset realisations - £5,817

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 proceeds of sale of the direct claim against LBHI;
- Liaising with external advisors regarding the sale of direct claim against LBHI and overseeing sales process;
- Reviewing and amending legal documents; and
- Overseeing the directors of the solvent subsidiaries which continue to hold and manage assets.

Creditors and distributions - £19,659

The following tasks were undertaken in accordance with the Administrators' statutory duties and to distribute the Company's assets to its creditors.

Activities include:

- Preparing and advertising notice of intended dividend for the eighth distribution;
- Calculating the eighth interim dividend to unsecured creditors;
- Updating the estimated outcome statement;
- Maintaining creditor schedules;
- Responding to creditor queries; and
- Ensuring compliance with new Insolvency Rules 2016 regarding un-submitted "small debt" claims.

Statutory and compliance - £38,302

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

- Preparation of the Administrators' 18th progress report;
- Preparing and reviewing receipts and payments account for reports to creditors;
- Preparing and reviewing detailed time cost information in support of the Administrators' remuneration;
- Circulating the progress report to creditors;
- Statutory filings at Companies House and Court;
- Carrying out the Administrators' six monthly case reviews;
- Liaising with the Administrators' on statutory issues; and
- Maintaining case files, website and database.

Tax and VAT - £17,744

The following tasks were undertaken for VAT and tax compliance purposes and in some circumstances for the benefit of creditors.

- Consideration of strategy with the tax team;
- Preparation of post-appointment tax computations;
- VAT reconciliation and preparation of VAT returns to account for the Company's output tax;
- Senior Accounting Officer work;
- Discussions regarding tax provision;
- Analysis of the tax implications of subsidiary distributions;
- Preparation for and attendance at quarterly tax update meetings;
- Preparation of the tax computations for 2016; and
- Commencing preparation of tax accounts for 2017.

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 and directors of Eldon Street's subsidiaries and collecting distributions from these entities, LBH and LBHI.

The Administrators estimate that their future time costs to complete the Administration will be £1.2m, broadly analysed as follows:

	£k
Accounting and treasury	125
Strategy and planning	400
Asset realisations	110
Creditors and distributions	175
Statutory and other compliance	200
Tax and VAT	140
Disbursements	50
	<u>1,200</u>

The above figures assume that:

- The Administration will be extended for a further two years, to 30 November 2020;
- Time costs relating to compliance and maintenance of the case will be incurred at a similar rate to that incurred in the reporting period; and
- There will be further distributions to unsecured creditors.

During the next six months the Administrators will continue to comply with their statutory obligations as Administrators and officers of tax, and deal with the remaining solvent subsidiaries.

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. The costs of such services are recharged to Eldon Street on a time costs basis and are invoiced directly to the estate. This indirectly benefits the Company's creditors through cost savings from the centralisation of services.

In the reporting period, Eldon Street has paid £96k in relation to the services detailed below.

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

Legal firms

The Administrators have instructed the following professionals on this case 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.

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

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 is appropriate.