

# Zestdew Limited – In Administration

Joint Administrators' progress report for the period 29  
October 2009 to 28 April 2010

28 May 2010

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

## Introduction

This is the third progress report prepared by the Joint Administrators (the "Administrators") of Zestdew Limited ("Zestdew" or the "Company"), under Rule 2.47(3)(a) of the Insolvency Rules 1986.

This report provides an update on the work the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 28 April 2010.

## Objective of the Administration

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

The specific aims of this Administration are to:

- Protect, manage and realise the Company's assets;
- Deal with any servicing and regulatory issues; and
- Agree creditors' claims and, if applicable, make a distribution to creditors.

## Outcome for creditors

At this time the Administrators are unable to provide a reliable estimate of the likely dividend to ordinary unsecured creditors as there are uncertainties regarding future realisations. The timing and level of any dividend therefore remains uncertain.

## Extension of the Administration

On the application of the Administrators, the High Court made an Order extending the period of the Administration to 30 November 2010.

## Additional Administrators

On 30 November 2009, Steven Anthony Pearson and Michael John Andrew Jervis were appointed as additional Administrators, and

Graham Hunter Martin resigned as Administrator.

SA Pearson and MJA Jervis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

AV Lomas, DY Schwarzmann and DA Howell continue to act as Joint Administrators.

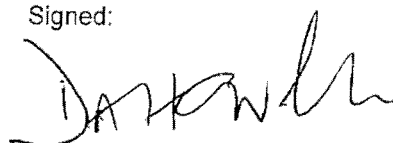
## Change of business address

The Company has relocated from 25 Bank Street and all future correspondence should be addressed to Level 23, 25 Canada Square, London, E14 5LQ.

## Future reports

The Administrators will next report to creditors in approximately six months time or when the Administration comes to an end, whichever is sooner.

Signed:



DA Howell  
Joint Administrator  
Zestdew Limited

## Section 2: Joint Administrators' actions to date

### **Overview**

The Company was incorporated to manage investments in portfolios of re-performing loans acquired from Lloyds TSB Bank ("Lloyds") with funding provided by LB SF No. 1 – in Administration, its parent company.

The vast majority of these portfolios were subsequently securitised via a special purpose vehicle ("SPV") but the Company retained a small portfolio with an unpaid principal value of c£10m, which comprised c1,100 loans. The loans are serviced by Lloyds, with Zestdew holding the beneficial interest to the collections and Lloyds holding the legal title. Once Lloyds decides to charge off a loan, then, according to the terms of the agreement, legal title passes to Zestdew and servicing to a 3rd party servicer.

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

The Administrators decided to implement a 'hold' strategy on the loan portfolio, in order to maximise realisations.

Negotiations have been ongoing with a third party servicer to ensure the portfolio continues to be serviced.

Lloyds continues to service the loans in its portfolio.

### **Outstanding matters**

The Administrators will continue to work closely with the third party servicer to ensure that the portfolio continues to be serviced and realisations are maximised.

### **Extension of the Administrations**

The Administrators will decide in due course whether a further extension is necessary.

## Section 3: Statutory and other information

<b>Court details for the Administration:</b>	High Court of Justice, Chancery Division, Companies Court - Court Case 9579 of 2008
<b>Full name:</b>	Zestdew Limited
<b>Trading name:</b>	Zestdew Limited
<b>Registered number:</b>	05965830
<b>Registered address:</b>	Level 23, 25 Canada Sq, London, E14 5LQ
<b>Company directors:</b>	LJ Weir (resigned 25/11/08)
<b>Company secretary:</b>	ESE Upton (resigned 25/01/10)
<b>Shareholdings held by the directors and secretary:</b>	The director does not own any shares in Zestdew
<b>Date of the Administration appointment:</b>	29 October 2008
<b>Administrators' names and addresses:</b>	DA Howell, AV Lomas, MJA Jervis, SA Pearson and DY Schwarzmann of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
<b>Appointer's name and address:</b>	The director of the Company, 25 Bank Street, London E14 5LE
<b>Objective being pursued by the Administrators:</b>	Achieving a better result for Zestdew's creditors as a whole than would be likely if Zestdew were wound up (without first being in Administration)
<b>Division of the Administrators' responsibilities:</b>	Statement of Power for the purposes of paragraph 100(2) Schedule B1 to the Insolvency Act 1986. The Director of Zestdew Limited (the "Company") has appointed DA Howell, AV Lomas, GH Martin and DY Schwarzmann of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT as joint administrators of the Company. The joint administrators will act jointly and severally so that all functions may be exercised by any or all of them. Further to the appointment of MJA Jervis and SA Pearson as additional Administrators, and resignation of GH Martin, any act required or authorised under any enactment to be done by any or all of the joint administrators may be done by one or more of the persons for that time being holding office.
<b>Details of any extensions for the initial period of appointment:</b>	The Court has granted an extension of the Administration to 30 November 2010.
<b>Proposed end of the Administration:</b>	The Administrators are not yet in a position to determine the most likely exit route from the Administration and wish to retain the options available to them.
<b>Estimated dividend for unsecured creditors:</b>	It is too early to estimate the likely dividend for unsecured creditors.
<b>Estimated values of the prescribed part and Zestdew's net property:</b>	Not applicable as there is no prescribed part.
<b>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</b>	Not applicable as there is no prescribed part.
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this Administration and these are the main proceedings.

## Section 4: Financial information

### **Administrators' remuneration**

At the meeting of creditors which was held by correspondence on 5 January 2009, creditors resolved that 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.

Attached as an Appendix, is a summary of the Administrators' time costs for the period 1 November 2009 to 30 April 2010, presented in accordance with Statement of Insolvency Practice 9 ("SIP 9"), together with a narrative of the work performed.

The SIP 9 summary shows that the total time costs for the period are £46,938, which represents 178.0 hours at an average hourly rate of £263.75.

We have previously provided time cost analysis for the period 29 October 2008 to 31 October 2009.

To date, remuneration of £272,982 plus VAT has been drawn.

### **Receipts and payments account**

An account of the receipts and payments in the Administration to 28 April 2010 is set out overleaf.

## Section 5: Receipts and payments accounts for the period ended 28 April 2010

	As at 28 April 2010 GBP (£)	As at 28 October 2009 GBP (£)	Movements GBP (£)
<b>RECEIPTS</b>			
Realisations loan portfolio	764,029	455,564	308,465
Cash at Bank	1,006,923	1,006,923	-
<b>Total</b>	<b><u>1,770,952</u></b>	<b><u>1,462,487</u></b>	<b><u>308,465</u></b>
<b>PAYMENTS</b>			
Joint Administrators' remuneration	272,982	243,463	29,519
Joint Administrators' Category 1 disbursements	1,767	1,767	-
Statutory Costs	1,279	1,244	35
Legal fees	91,069	86,173	4,896
Bank charges	120	120	-
VAT paid	55,196	49,911	5,285
<b>Total</b>	<b><u>422,413</u></b>	<b><u>382,678</u></b>	<b><u>39,735</u></b>
<b>NET POSITION</b>	<b><u>1,348,539</u></b>	<b><u>1,079,809</u></b>	<b><u>268,730</u></b>
<b>CASH BALANCES</b>			
Bank of England	-		
HSBC	1,348,539		
Money market deposits	-		
<b>Total Cash</b>	<b><u>1,348,539</u></b>		

### Note

Cash is held on non-interest bearing accounts

# Appendix: Summary of the Joint Administrators' time costs for the period 1 November 2009 to 30 April 2010

Classification of work	PARTNER / DIRECTOR		SENIOR MANAGER / MANAGER		SENIOR ASSOCIATE		ASSOCIATE / SUPPORT STAFF		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Asset Realisations	2.5	1,963	10.1	3,872	3.0	960	20.3	3,848	35.9	10,643
Strategy and Planning	1.1	892	0.9	395	14.6	4,665	1.7	223	18.5	6,175
Accounting and treasury	-	-	6.6	2,604	4.7	1,484	13.0	2,555	24.3	6,643
Statutory, compliance and other workstreams	1.3	947	42.5	14,972	9.0	2,807	46.5	4,751	99.3	23,477
<b>Grand Total</b>	<b>4.9</b>	<b>3,802</b>	<b>60.1</b>	<b>21,843</b>	<b>31.5</b>	<b>9,916</b>	<b>81.5</b>	<b>11,377</b>	<b>178.0</b>	<b>46,938</b>

The Joint Administrators' policy for charging for disbursements is:

Photocopying is charged at 3p per sheet for creditors and bulk copying  
Mileage is charged at a maximum of 62p per mile (up to 2000cc) or 81p per mile (over 2000cc)  
All other disbursements are charged at cost  
**Total**

Costs to date	
(£)	

Current charge out rates Grade	Business		Specialist*
	Recovery Services	Max £/hr	
Partner	790	1,070	
Director	590	1,030	
Senior manager	580	810	
Manager	390	590	
Senior Associate	320	410	
Associate / Support Staff	200	205	

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 remuneration is to be paid as and when funds become available at the charge out rates shown for the various grades of staff who may be involved in this administration

\*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 inflationary cost increases) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

# Appendix: Narrative of time costs

The following narrative summarises the work undertaken by the Joint Administrators' and their staff during the period.

## **Asset Disposal - £10,643**

- Discussions with servicer regarding various loans.
- Liaising with existing loan servicer to formalise servicing agreement to preserve value of the portfolio.
- Ensuring ongoing compliance with Consumer Credit Act guidance.

## **Strategy and planning - £6,175**

- Meetings to discuss asset valuations and strategy.

## **Accounting and treasury - £6,643**

- Monitoring flow of funds into the bank accounts.
- Reconciliation of bank accounts.

## **Statutory, compliance and other workstreams - £23,477**

- Preparation of the Administrators' progress reports
- Dealing with statutory issues
- Tax and VAT issues
- Lehman Brothers Limited – (in administration) recharges
- Maintaining case files and database