

# AM20

## Notice of automatic end of administration



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 03950078

Company name in full Lehman Brothers Europe Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Court details

Court name High Court of Justice, Business and Property Courts of England and  
wales, Insolvency and Companies List (ChD)

Court case number 8243 of 2008

### 3 Former administrator's name

Full forename(s) Dan Yoram

Surname Schwarzmänn

### 4 Former administrator's address

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode SE1 2RT

Country United Kingdom

## AM20

Notice of automatic end of administration

**5 Former administrator's name ①**

Full forename(s) Edward John

Surname Macnamara

① Other administrator  
Use this section to tell us about another administrator.

**6 Former administrator's address ②**

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

② Other administrator  
Use this section to tell us about another administrator.

**7 Statement of appointment**

I was/we were appointed as administrator(s) on:

Date <sup>d</sup>2 <sup>d</sup>3 <sup>m</sup>0 <sup>m</sup>9 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>0 <sup>y</sup>8**8 Appointor/applicant's name**

Give the name of the person who made the appointment or the administration application

Full forename(s) Peter

Surname Sherratt

**9 Statement of ceasing to act**

I/we give notice that my/our appointment as administrator ceased to have effect on:

Date <sup>d</sup>3 <sup>d</sup>0 <sup>m</sup>1 <sup>m</sup>1 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>1 <sup>y</sup>9**10 Final progress report**☒ A copy of the final progress report is attached.**11 Sign and date**

Former administrator's signature

Signature

X  XSignature date <sup>d</sup>6 <sup>d</sup>7 <sup>m</sup>0 <sup>m</sup>2 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>2 <sup>y</sup>0

# AM20

Notice of automatic end of administration



## Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Darryl Lockhart

Company name PwC

Address 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

DX

Telephone 020 7583 5000



## Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



## Important information

All information on this form will appear on the public record.



## Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



## Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

# Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶  
Attach this to the relevant form.  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by \*

## 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

## 2 Insolvency practitioner's name

Full forename(s) Gillian

Surname Bruce

## 3 Insolvency practitioner's address

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

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- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

## 2 Insolvency practitioner's name

Full forename(s) Russell

Surname Downs

## 3 Insolvency practitioner's address

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

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Joint Administrators' final progress  
report for the period 23 September  
2019 to 30 November 2019

***Lehman Brothers Europe  
Limited (formerly in  
Administration, now in  
Members' Voluntary  
Liquidation)***

7 February 2020

High Court of Justice, Business & Property  
Courts of England & Wales, Insolvency &  
Companies List (ChD)

Case 8243 of 2008

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## ***Section 1 Abbreviations and definitions***

The following table shows the abbreviations and insolvency terms used in this report.

<b>Abbreviation or definition</b>	<b>Meaning</b>
“Administrators”	DY Schwarzmann, EJ Macnamara, R Downs and GE Bruce
“Administration”	LBEL’s administration
“Committee”	LBEL’s creditors’ committee
“Company” or “LBEL”	Lehman Brothers Europe Limited (in Members’ Voluntary Liquidation)
“Court”	High Court of Justice
“Firm”	PricewaterhouseCoopers LLP
“Group”	Lehman Brothers UK group
“HMRC”	HM Revenue & Customs
“IA86”	Insolvency Act 1986
“IR16”	Insolvency (England and Wales) Rules 2016
“LBIE”	Lehman Brothers International (Europe) (in administration)
“LBH”	Lehman Brothers Holdings Plc (in administration)
“LBHI”	Lehman Brothers Holdings Inc.
“LBL”	Lehman Brothers Limited (in administration)
“M&A”	Mergers and Acquisitions
“MVL”	Members’ Voluntary Liquidation
“Reporting Period”	The period 23 September 2019 to 30 November 2019
“Proposals”	The Administrators’ statement of proposals for achieving the purpose of the Administration, dated 14 November 2008
“Sch.B1 IA86”	Schedule B1 to the Insolvency Act 1986
“SAO”	Senior Accounting Officer
“SIP”	Statement of Insolvency Practice
“unsecured creditors”	Creditors who are neither secured nor preferential
“VAT”	Value Added Tax



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## ***Section 2 Purpose of report and summary of the steps taken during the administration***

### ***Introduction***

This is the 23rd and final progress report, by the former Administrators of LBEL.

A copy of the Proposals which were approved at a meeting of creditors held on 1 December 2008 is attached at section 3. Copies of the previous 22 progress reports are available on the Administrators' website at <http://www.pwc.co.uk/business-recovery/administrations/lehman/lehman-brothers-europe-limited-in-administration.jhtml>. Alternatively, please contact Nigel Rackham at PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT for further information.

The Administration ended on 30 November 2019. This report provides an update on the work that the Administrators undertook in the period since their previous progress report (the "Reporting Period"), together with a summary of the steps taken during the Administration and the outcome for creditors.

This report is for your information and you do not need to do anything.

### ***Business activities***

The company's principal activity before the Administrators' appointment was the provision of investment banking services such as advising on M&A transactions.

LBEL utilised employees from LBL and operated from the Group's former premises at 25 Bank Street, London, E14 5LE.

On 15 September 2008 LBHI announced that it was preparing to file for Chapter 11 insolvency protection in the US. This precipitated the appointment of administrators to protect the business and assets of a number of other Lehman Group companies, including LBEL. Administrators were appointed to LBEL on 23 September 2008.

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

The objective of the Administration was to achieve a better result for LBEL's creditors as a whole than would be likely if LBEL were wound up (without first being in administration).

The specific aims of the Administration were to:

- Protect and manage LBEL's assets;
- Realise these assets; and
- Agree the value of creditors' claims and pay dividends as funds permit.

### ***Administrators' actions***

The Administrators' actions during the period of the Administration have been detailed in previous progress reports. A summary of the key actions is set out below.

### ***Inter-company claims***

#### ***(a) Repo transaction between LBEL and LBIE***

Following their appointment, the Administrators entered into discussions with LBIE in relation to LBEL's claim to the title of certain securities returned to LBIE pre-Administration by JP Morgan Chase Bank N.A. This was part of a reverse repo transaction under the Global Master Repurchase Agreement. The securities were held by LBIE as custodian for LBEL. After a period of negotiation, the Administrators secured an agreement with LBIE on 5 October 2012 which was in full and final settlement of LBIE's obligations. In total, LBEL received £371.6m under this agreement.

#### ***(b) LBL***

Previous progress reports explained that LBEL's claim in the LBL Administration was admitted and paid in full in the amount of £282.2m. In addition, £63.7m was received in relation to LBEL's entitlement to receive post-administration, statutory interest on the claim.

#### ***(c) LBHI and its US debtor affiliates***

LBEL, in conjunction with certain other UK affiliates, reached a final settlement agreement with LBHI and its US debtor affiliates in Chapter 11. This agreement became fully binding and operational on 6 March 2012. As a result, LBEL received a total of \$10.5m in dividends from LBHI and its US debtor affiliates.

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#### **(d) Other Debtors**

LBEL had claims against a number of other Lehman group companies, from which dividends totalling the equivalent of £31.1m were received.

Should any further statutory interest become payable by LBL, or dividends become payable by any of LBEL's other debtors, these will be paid directly to LBH as a result of the LBH Transaction referred to below.

#### ***Bank interest received***

To optimise realisations for creditors and to minimise risk, a substantial proportion of the funds managed by the Administrators since their appointment was placed on the money markets. A total of £6.1m was received in bank interest during the Administration.

#### ***Distributions to and outcome for creditors***

Applications were made to the High Court on 25 June 2012 and on 10 June 2013 for orders permitting the Administrators to pay distributions to LBEL's unsecured creditors. Orders were granted, following which the Administrators paid dividends totalling 100 pence in the pound, together with post-Administration, statutory interest at a simple rate of 8% per annum, on admitted claims. Please refer to Section 8 for further details.

#### ***Surplus***

With the claims of creditors having been paid in full, including post-Administration and statutory interest, surplus funds became available to LBEL's sole member, LBH.

Under IA86, Administrators do not have the power to make member distributions. The Administrators submitted an application to Court setting out the various options for effecting a distribution to LBH. The Court issued directions permitting the Administrators to appoint a director and sanction a declaration by that director of a dividend to LBH. Since then, and prior to September 2019, LBEL paid distributions to LBH as member, totalling £472.4m.

During September 2019 LBEL entered into a transaction with LBH (the "LBH Transaction") which included, among other things, (i) the provision of an indemnity by LBH to LBEL and the Administrators in respect of certain tax liabilities; and (ii) in broad terms, the distribution by LBEL of its remaining receivables and part of its remaining cash to LBH. Future realisations from LBEL's debtors will therefore be paid directly to LBH.

On entering into the LBH Transaction, an additional £20m was distributed to LBH as shareholder. In total, distributions of £492.4m were paid to LBH as shareholder during the period of the Administrators' appointment.

As part of exiting Administration and entering MVL, control of LBEL's cash of £67.5m was passed to the liquidators.

#### ***Committee***

Following the Administrators' appointment, a creditors' Committee was formed on 5 May 2009.

Throughout the Administration, we met with the Committee to discuss issues and outline key decisions. The members of the Committee were no longer creditors once their claims were paid in full, together with post-Administration, statutory interest. Consequently, on 20 June 2018, the Committee members were informed that their membership had automatically ceased.

#### ***Corporation tax***

During the Reporting Period, LBEL paid £11.1m to another Lehman Group company for group tax losses, in order to mitigate LBEL's tax liabilities.

Corporation tax returns for the year ended 5 October 2018 and 2019 have been submitted to HMRC and tax clearance has been sought.

To date, VAT totalling £5.5m has been repaid to LBEL.

In the Reporting Period, VAT of £166 was received by LBL, the VAT representative member, in relation to the August 2019 VAT return and will be distributed to the Company in the near future. The return for the November 2019 quarter has been submitted, showing a VAT repayment due of c.£327k.

LBEL has been removed from the Lehman VAT group effective 1 December 2019.

#### ***Regulatory obligations***

The Administrators have met their obligations under the following legislation:

- Senior Accounting Officer legislation;
- UK and US Foreign Account Tax Compliance Act and Common Reporting Standards; and
- Corporate Criminal Offence Rules.

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## ***Investigations and actions***

Nothing came to the Administrators' attention during the Administration to suggest that any further work was required in accordance with the Administrators' duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice 2.

## ***Changes in Administrators during the course of Administration***

During the course of the Administration it became necessary to make changes to the administrators on a number of occasions. The circumstances and details of these changes are explained in our previous progress reports.

## ***Extensions and end of the Administration***

As detailed in section 4, over the course of the Administration the Court made five, separate orders, each one extending the period of the Administration, most recently for the period to 30 November 2019.

The objective of the Administration has been achieved, therefore the Administration came to an end on 30 November 2019. LBEL entered into MVL immediately after, with EJ Macnamara, R Downs and GE Bruce being appointed liquidators.

## ***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 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-administrators-fees-final.ashx?la=en>

This guide is for appointments on or after 1 November 2011 and whilst not all the provisions apply to this Administration (which commenced 23 September 2008) it is the most appropriate guide currently available following the changes made by IR16.

You can also obtain a copy free of charge by telephoning Darryl Lockhart on +44 (0) 20 7583 5000.

## ***Future reports***

This is the final report on the Administration.

Signed:



D Y Schwarzmenn  
Former Joint Administrator  
Lehman Brothers Europe Limited

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## *Section 3 Summary of the Joint Administrators' proposals*

The Administrators made the following proposals for achieving the purpose of Administration which were approved by the creditors on 1 December 2008.

References to Insolvency Rules 1986 ("IR86") are from the original proposals put forward. The Insolvency (England and Wales) Rules 2016 has since replaced IR86 but the relevant Rule numbers have not been updated for the purposes of supplying a summary of the Administrators' proposals.

- (i) The Administrators will continue to manage and finance LBEL's business, affairs and property from asset realisations in such manner as they consider expedient with a view to achieving a better result for LBEL's creditors as a whole than would be likely if LBEL had been immediately liquidated.
- (ii) The Administrators may investigate and if appropriate, pursue any claims that LBEL may have under the Companies Act 1985, the Companies Act 2006 or the Insolvency Act 1986 ("IA86") or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of LBEL or to maximise their realisations or for any other purpose incidental to these proposals.
- (iii) The Administrators will at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration.
- (iv) The Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Schedule B1 IA86.
- (v) A creditors' committee will be established if sufficient creditors are willing to act on it. The Administrators propose to seek the election of a creditors' committee and to consult with it from time to time. Where the Administrators consider it appropriate, they will seek sanction from the committee to a proposed action rather than convening a meeting of all creditors.
- (vi) The Administrators will consult with the creditors' committee concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous. The Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension.
- (vii) The Administrators may use any one or a combination of "exit route" strategies in order to bring the Administration to an end. The Administrators wish to retain a number of the options which are available to them, including:
  - (a) The Administrators may place LBEL into creditors' voluntary liquidation. In these circumstances, it is proposed that Anthony Victor Lomas, Steven Anthony Pearson and Michael John Andrew Jervis be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either any or all of them. In accordance with Paragraph 83(7) Schedule B1 IA86 and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved, or
  - (b) Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Schedule B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later or apply to court under Paragraph 79 Sch. B1 for the Administration to be ended, or
  - (c) The Administrators may apply to the Court to allow the Administrators to distribute surplus funds to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Schedule B1 IA86, following registration of which LBEL will be dissolved three months later. If permission is not granted the Administrators will place LBEL into creditors' voluntary liquidation or otherwise act in accordance with any order of the court.
- (viii) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch. B1 IA86 in respect of any action of theirs as Administrators at a time determined by the creditors committee or, if no creditors committee appointed, by the general body of creditors.

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(ix) The Administrators' fees will be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge-out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, it will be for the general body of creditors to determine these instead.

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## Section 4 Statutory and other information

<i>Court details for the Administration:</i>	High Court of Justice, Business & Property Courts of England & Wales, Insolvency & Companies List (ChD) - case 8243 of 2008.
<i>Full name:</i>	Lehman Brothers Europe Limited.
<i>Trading name:</i>	Lehman Brothers Europe Limited.
<i>Registered number:</i>	03950078.
<i>Registered address:</i>	7 More London Riverside, London, SE1 2RT.
<i>Date of the Administration appointment:</i>	23 September 2008.
<i>Administrators' names and addresses:</i>	DY Schwarzmann, EJ Macnamara, R Downs and GE Bruce of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT. Email: <a href="mailto:Lbel.claims@uk.pwc.com">Lbel.claims@uk.pwc.com</a> telephone: 020 7583 5000
<i>Appointer's / applicant's name and address:</i>	High Court of Justice, Chancery Division, Companies Court on the application of the directors.
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for LBEL's creditors as a whole than would be likely if LBEL were wound up (without first being in administration).
<i>Division of the Administrators' responsibilities:</i>	In relation to Paragraph 100(2) Schedule B1 of the IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by any or all of the 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 Court has granted five successive extensions to the Administration period being to 30 November 2010, 30 November 2011, 30 November 2013, 30 November 2015 and 30 November 2019.



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## ***Section 5 Financial information***

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

The manner in which an Administrators' remuneration is determined and approved is set out in the Rules.

There are three bases of remuneration, which can be used in any combination, under IR16, being:

- A percentage of the value of the property with which the Administrators have to deal;
- By reference to the time properly given by the insolvency practitioner and his staff in attending to matters arising in the Administration; and
- As a set amount.

IR16 also provides that in arriving at its decision on remuneration the fee approving body is required to consider the following matters:

- The complexity (or otherwise) of the case;
- Any responsibility of an exceptional kind or degree which falls on the Administrators;
- The effectiveness with which the Administrators appear to be carrying out, or have carried out, their duties; and
- The value and nature of the property with which the Administrators have to deal.

In October 2008 a Court order authorised the Administrators, subject to ratification by the Committee, to draw remuneration of 75% of the time costs incurred at the time of the application, being £2.8m including VAT. At a meeting held by correspondence on 20 February 2009, the creditors resolved to form a Committee whose duties would include approving the basis and quantum of the Administrators' remuneration.

The Committee did not agree that the Administrators' remuneration be fixed on a time cost basis, but instead the Committee resolved that the Administrators' remuneration be fixed at 5% of the value of the property with which the Administrators have to deal. The Administrators were authorised to draw such remuneration as and when realisations became available.

On 19 May 2017, the Administrators agreed to restrict their remuneration such that they would be entitled to receive remuneration of 5% of cash

received up to £280m from the date of that agreement.

In addition, it was agreed that the Administrators shall be entitled to receive fees of 2.5% of cash received above £280m from the date of the agreement, up to a maximum amount of £3.5m of fees received.

In total, remuneration of £40.8m (excluding VAT) was drawn, including fees of £2m (excluding VAT) which were drawn in the Reporting Period. Those were the final fees to be drawn under the 19 May 2017 agreement.

### ***SIP 9***

In addition to IR16, SIP 9, issued by the Joint Insolvency Committee, provides guidance to insolvency practitioners in relation to the disclosure of payments to insolvency office holders and their associates.

The purpose of SIP 9 is to set out the principles and key compliance standards with which insolvency practitioners are required to comply with regard to the provision of information to creditors and other interested parties who have a financial interest in the level of office holders' remuneration, disbursements and expenses paid from an insolvent estate.

In accordance with SIP 9, which was revised with effect from 1 December 2015, Section 8 of this report shows a summary of the work undertaken by the Administrators in the Period.

### ***Relationships***

The Administrators had no business or personal relationships with the parties who approved the basis of their fees or who provided services to the Administration where the relationship could have given rise to a conflict of interest.

### ***Disbursements***

The Administrators were not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by their Firm, including room hire, document storage, photocopying and 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

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calculation and allocation and approved by the same parties which approve the Administrators' fees.

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

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

No disbursements were incurred during the Reporting Period.

The Administrators have satisfied themselves that the level of legal and professional costs is appropriate.

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

An account of the receipts and payments for the Reporting Period, and a cumulative total for the entire period of the Administration, is set out in Section 6.

Significant receipts in the Reporting Period include:

- £0.1m in relation to interest earned on fund.

Significant payments in the Reporting Period include:

- 67.5m transfer of funds to the MVL liquidators;
- £11.1m payment to another Lehman Group Company for Tax losses.
- £2.4m for final Administrators' remuneration
- £0.7m for final legal costs.

The receipts and payments account does not show estimated to realise values from the directors' statement of affairs as this would not provide a meaningful comparison with actual asset recoveries.

### ***Subcontracted work***

LBEL contracted-out tax compliance to the Lehman finance team whose employer is LBIE. This work was subcontracted because it was more cost efficient than if the Administrators were to have done it themselves.

### ***Legal firms***

The Administrators instructed Linklaters LLP to act as their legal advisors because of their prior knowledge of LBEL. Linklaters LLP was remunerated on a time-cost basis.

All third-party professionals are required to submit a detailed time-cost analysis and narrative in support of all invoices rendered.



## Section 6 Receipts and payments account

	As at 30 November 2019			As at 30 November 2019 TOTAL GBP equivalent £	Movements 23 September 2019 to 30 November 2019 (GBP equivalent) £	As at 22 September 2019 (GBP equivalent) RESTATED at 30 November 2019 exchange rate £	As at 22 September 2019 (GBP equivalent) £
RECEIPTS	GBP (£)	US (\$)	EUR (€)	000s	000s	000s	000s
Book debts	4,856	20,847	21,373	39,191	-	39,191	40,359
LEL claim	345,884	-	-	345,884	-	345,884	345,884
GMRA settlement agreement proceeds	371,589	-	-	371,589	-	371,589	371,589
Interest	6,030	38	110	6,152	134	6,018	6,022
Corporation tax repayment	48,443	-	-	48,443	-	48,443	48,443
Return of payment of group relief losses	4,675	-	-	4,675	-	4,675	4,675
VAT repayment	5,500	-	-	5,500	-	5,500	5,500
Foreign currency conversions*	31,216	-	1,541	32,530	38	32,492	32,535
<b>Receipts Grand Totals</b>	<b>818,192</b>	<b>20,883</b>	<b>23,024</b>	<b>853,964</b>	<b>172</b>	<b>853,792</b>	<b>855,007</b>
<b>PAYMENTS</b>							
Employee costs	6,125	80	67	6,244	-	6,244	6,248
Building and occupancy costs	952	-	-	952	-	952	952
Legal fees	6,047	240	-	6,233	704	5,529	5,535
Tax function costs	350	-	6	356	-	356	356
Payment for group relief losses	16,020	-	-	16,020	11,095	4,925	4,925
Corporation Tax	8,000	-	-	8,000	291	7,709	7,709
Distribution to unsecured creditors	117,798	-	2,677	120,080	-	120,080	120,156
Distribution to shareholder, LBH	492,437	-	-	492,437	-	492,437	492,437
Transfer of funds to LBEL in MYL	67,509	-	-	67,509	67,509	-	-
Pension settlement	50,418	-	-	50,418	-	50,418	50,418
Administrators' remuneration**	48,814	-	-	48,814	2,405	46,409	46,409
Administrators' disbursements	39	-	-	39	-	39	39
Investment management charges	2,433	-	-	2,433	-	2,433	2,433
Foreign currency conversions*	1,250	20,563	20,274	34,429	38	34,391	35,519
<b>Payments Grand Totals</b>	<b>818,192</b>	<b>20,883</b>	<b>23,024</b>	<b>853,964</b>	<b>82,042</b>	<b>771,922</b>	<b>773,136</b>
<b>NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,870)</b>	<b>81,870</b>	<b>81,872</b>
<b>CASH BALANCES</b>							
HSBC	-	-	-	-	-	-	-
Barclays	-	-	-	-	-	-	-
Money markets	-	-	-	-	-	-	-
<b>Total Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Exchange rate as at 22 September 2019  
US\$ 1 : GBP 0.7999  
EURO (€) : GBP 0.8809

Exchange rate as at 30 November 2019  
US\$ 1 : GBP 0.7730  
EURO (€) : GBP 0.8525

Amounts include VAT where applicable

\* The difference in total GBP equivalents arises from converted sums being restated at exchange rates as at the end of each reporting period. No actual gains/losses on currency were made in the Period.

\*\* This amount includes £2.76m that had previously been paid by another Lehman Group company on behalf of LBEL.

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# ***Section 7 Summary of the Administrators' work***

## ***Work carried out in the Reporting Period***

Whilst this is not an exhaustive list, the key areas of work have been as follows:

### **Accounting and treasury**

The Administrators' statutory duties include managing the affairs, business and property of the Company and keeping proper books and records. The work undertaken in this area was necessary in order to pay Administration expenses, to maintain the books and records of LBEL and to ensure that funds invested are maximised at minimum risk. Approximately £0.1m in interest on funds invested was received in the Reporting Period:

- Processing receipts and payments in various currency accounts;
- Performing bank account reconciliations for all bank accounts;
- Exploring investment strategies to maximise returns on the invested funds held on deposit;
- Monitoring of credit limits and counterparty credit ratings, credit default swap prices and market capitalisation to minimise risk;
- Moving deposits between counterparties when credit limits or counterparty credit ratings are not in line with the investment strategy;
- Ensuring deposits are repaid from counterparty banks on the correct value date;
- Preparing and reviewing the receipts and payments reports, authorising all payments and reviewing and managing cashflow; and
- Producing monthly management and ad hoc reporting.

### **Assets**

The Administrators have a duty to act in the best interests of all creditors and its shareholder. It is an objective of the Administration to realise assets and distribute funds to unsecured creditors with admitted claims:

- Completing formalities following the transfer of receivables to LBH as part of the LBEL Transaction.

### **Strategy and planning**

The Administrators are required by statute to perform their functions as quickly and efficiently as possible and to close down the administration in an orderly manner. The activities undertaken in the Reporting Period were necessary to resolve outstanding matters in line with the purpose of the Administration:

- Consulting with the shareholder to discuss strategy;
- Consulting with legal advisors where necessary;
- Liaising with the LBEL director as appropriate;
- Setting and agreeing the strategy for the estate including regular team meetings;
- Preparing detailed status updates for the Administrators to review strategy and key issues;
- Internal meetings to review and update ongoing strategy;
- Allocating tasks between team members and following up on progress; and
- Considering, planning and executing tasks to end the Administration.

## **Statutory and compliance**

The work in this area was necessary in order for the Administrators to comply with regulatory requirements or statute:

- Preparing and finalising the 22nd progress report and circulating to all creditors;
- Ensuring Administrators' statutory obligations are discharged;
- Ensuring that time recording is properly managed and reviewed;
- Preparing the budget for future Administration costs; and
- Updating the compliance database and the Administrators' internal databases.

## **Tax and VAT compliance**

This work is required by statute. Tax losses may shelter future profits, thus reducing the level of corporation tax and maximising dividends to LBEL's sole shareholder, LBH. VAT refunds will increase the level of funds available for distribution:

- Reviewing tax controls within the Lehman group to ensure compliance with the SAO legislation, including preparation and submittal of the SAO certification;
- Finalising the 2018 and 2019 corporation tax position;
- Drafting clearance letters to HMRC;
- Liaising with HMRC in regard to any queries regarding open tax computations;
- Complying with the Administrators' obligations as SAO and under the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards and Corporate Criminal offences rules;
- Complying with the Administrators' obligations in relation to the publication of the Lehman group Tax Strategy; and
- Preparation of final VAT reconciliations for VAT returns

## *Section 8 Appendix – Distribution information*

	<b>Date of Distribution</b>	<b>Pence in the Pound</b>	<b>Amount Distributed</b>
First	13 November 2012	40.00	35,853,132.98
Second	14 November 2013	10.00	10,387,842.29
Third	23 September 2014	50.00	43,967,676.62
<b>Sub total</b>		<b>100.00</b>	<b>90,208,651.89</b>
Statutory interest	6 September 2017	8.00 p.a.	37,556,639.35
<b>Total</b>			<b>127,765,291.24</b>



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