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Joint administrators' progress report  
from 23 September 2017 to 22  
March 2018

**Storm Funding Limited**  
(in administration)

13 April 2018

High Court of Justice, Chancery Division,  
Companies Court

Case no. 8210 of 2008

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that are used in this report:

Abbreviation or definition	Meaning
Acenden	Acenden Limited (formerly known as Capstone Mortgage Services Ltd)
Administrators	DY Schwarzmann, AV Lomas, SA Pearson and JG Parr
Administration	Storm's administration
Bankhaus	Lehman Brothers Bankhaus AG
Court	The High Court of Justice
CURL	Consumer Unsecured Reperforming Loan PLC
Firm	PricewaterhouseCoopers LLP
Group	Lehman Brothers UK Group
HMRC	HM Revenue and Customs
IMA	Investment Management Agreement
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
LBHI	Lehman Brothers Holdings Inc
LBIE	Lehman Brothers International (Europe) (in administration)
Mable	Mable Commercial Funding Limited (in administration)
Period	The six months from 23 September 2017 to 22 March 2018
Proposals	The Administrators' statement of proposals for achieving the purpose of the Administration, dated 12 November 2008
Storm or the Company	Storm Funding Limited (in administration)
Secured creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Unsecured creditors	Creditors who are neither secured nor preferential

Repo claim	A claim arising from a repo/reverse repo arrangement.
Shortfall claim	The Storm claim against LBIE arising from a shortfall in the number of securities held in the Lehman depository accounts
VAT	Value added tax

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# *Key messages*

## *Why we have sent you this report*

This is the 19<sup>th</sup> progress report by the Administrators of the Company.

Creditors should have received the Proposals which were approved at a meeting of creditors held on 27 November 2008 and the Administrators' 18 previous progress reports. All earlier reports can be viewed on our website at [http:// www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/storm-funding-limited-in-administration.html](http://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/storm-funding-limited-in-administration.html).

This report provides an update on the work the Administrators have undertaken and the progress made since their appointment with particular focus on the progress made in the Period.

## *How much creditors may receive*

On 24 June 2013 the Court made an order pursuant to paragraph 65(3) of Schedule B1 to IA86 granting permission for the Administrators to make distributions to unsecured creditors.

The Administrators have paid nine dividends totalling 41.01 pence in the pound on admitted claims. Cumulative distributions to date total £959.1m, of which a minimal amount is still to be paid to one creditor.

On 12 March 2018, Storm issued a Notice of Intended Dividend. A tenth interim distribution is expected to be paid no later than 5 June 2018.

The timing and quantum of future dividends are dependent on further asset recoveries, which are presently uncertain.

## *What you need to do*

If you have not already done so, please send your claim to us so that we can agree it in principle. A claim form can be downloaded from our website at [http:// www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/storm-funding-limited-in-administration.html](http://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/storm-funding-limited-in-administration.html) or you can obtain one by telephoning Alison Lieberman on +44 20 7583 5000.

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# *Overview of what we have done to date*

## *Securities held in Lehman depository accounts*

As reported previously, the Administrators have filed an affiliate asset claim against LBIE in respect of its securities held in the Lehman depository accounts.

The Administrators also entered into an IMA with LBIE to market and realise these securities on behalf of Storm.

All recoverable securities have been realised or disposed of. As outlined in earlier reports, the Administrators discovered that a number of securities were no longer held in the depository accounts and as a result a Shortfall Claim was submitted to LBIE.

## *Inter-company debtors - LBIE*

In addition to the Shortfall Claim, Storm has a Repo Claim against LBIE. Both the Shortfall Claim and the Repo Claim were agreed with LBIE in March 2014. After offsetting a small intercompany balance owed to LBIE, the net claim amounts to £158m. This claim was agreed on the basis that Storm has waived its entitlement to statutory interest accrued before 31 August 2012. Storm has received 100 pence in the pound on the principal amount of its claim and the Administrators anticipate a further distribution of statutory interest.

## *Inter-company debtors – US affiliates*

Storm's total claims against the various Lehman US affiliates were agreed pursuant to the Joint Chapter 11 Plan dated December 2011 at \$1.1bn. In August 2014 Storm sold its largest US affiliate claim to a third party, leaving a total claim of \$335.7m. The cumulative dividends received to date are \$493.9m.

## *Acenden sale*

In 2010 Storm purchased Acenden from another group entity. An element of the purchase price was deferred consideration due to the vendor on Storm realising value from its shareholding in Acenden.

The sale of Storm's shareholding in Acenden was completed on 6 January 2015, following a competitive sale process. Under the terms of the sale, details of the final consideration agreed with the buyer are confidential.

Storm recovered £14m after payment of deferred consideration to the group entity under the original acquisition.

## *Claims agreement*

Storm has received 14 claims from unsecured creditors, mainly Lehman affiliates, totalling £3.2bn. The two largest agreed claims are £1.8bn from Bankhaus which has been assigned to LBHI and £366m from Mable. Nine other claims have also been admitted for dividend and three claims have been withdrawn.

## *Taxation*

All corporation tax returns up to and including the year ended 22 September 2014 have been agreed by HMRC. The enquiry period for the 2015 corporation tax return closes on 31 July 2018.

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## *Progress since we last reported*

The key developments in the Period are described below.

### *Securities held in Lehman depository accounts*

Storm has an entitlement to income on a security which continues to be paid. Income of \$4k was received in the Period. The timing and quantum of future income are uncertain. The aggregate cumulative recovery, including funds from corporate actions and interest, is £285.5m (GBP equivalent at 22 March 2018 exchange rates). There has been a £10.2m reported fall in the cumulative recoveries total as a result of exchange rate movements.

### *Inter-company debtors – US affiliates*

During the Period the Company has received \$8.1m from its US affiliate claims. A further distribution of \$0.6m was received outside the Period on 5 April 2018. The timing and quantum of future distributions remain uncertain.

### *Acenden sale*

The sale of Storm's shares in Acenden provides for the payment of deferred consideration on 3 June 2020, provided that certain preconditions are met. The Administrators' team continues to monitor regulatory issues which could affect the quantum of any deferred consideration, including challenging any suggested reductions.

Storm is also entitled to deferred consideration in respect of the CURL asset held by Acenden. In the Period, Storm received net proceeds of £71k. Future payments will be made on a quarterly basis but the amounts are uncertain.

### *Taxation*

The corporation tax return for the year ended 22 September 2016 was submitted to HMRC on 16 November 2017 and shows a small profit for the period sheltered by brought forward losses. No late penalties are anticipated in respect of this. The tax computation for the year ended 22 September 2017 will be drafted in due course.

The 2015 group tax loss position was finalised in the Period, with Storm in a tax loss position with significant brought forward losses. These losses were pooled and surrendered to other group companies. In the Period, Storm received £1.9m from four Group companies in respect of the surrender of its 2015 tax losses.

The Finance (No. 2) Act 2017, which includes changes to corporation tax loss relief and interest deductibility, received Royal Assent on 16 November 2017. These new rules may affect the utilisation of Storm's losses carried forward and the availability of losses in the wider group for group relief purposes. Storm has £1.6bn of tax losses carried forward as at 22 September 2016.

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.

To date, VAT totalling £2.7m has been repaid to Storm including £37k in the Period in relation to a VAT repayment for the quarters ending 31 May 2017 and 31 August 2017.

### *Connected party transactions*

Except where disclosed elsewhere in this report, there have been no sales or transactions with connected parties with the Company during the Period.

## *Investigations and actions*

Nothing has come to our attention during the Period to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

## *Our receipts and payments account*

We set out in Appendix A an account of our receipts and payments in the Administration from 23 September 2017 to 22 March 2018, and cumulative receipts and payments from 23 September 2008 to date.

As advised earlier in the Administration, all of the Company's assets are uncharged, and there are therefore no secured creditors.

Significant receipts in the period were:

- Intercompany debtors of £5.7m recoveries largely comprising \$8.1m in respect of dividends on intercompany debts from US affiliates;
- Proceeds totalling £1.9m from sale of Group losses;
- £1.4m recovery of historic payroll costs from Southern Pacific Funding 3 Limited; and
- Acenden proceeds net of deferred consideration of £106.8k.

Significant payments included:

- Administrators' remuneration of £230k; and
- Distributions to unsecured creditors of £630k in relation to the ninth interim dividend, unpaid in the prior period.

Total cash held as at 22 March 2018 was £24.5m (GBP equivalent).

Funds are invested on the money markets in order to accrue interest and to manage risk. All funds received in USD are converted to GBP soon after receipt to minimise any foreign exchange loss risk.

## *Our expenses*

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

## *Our fees*

The manner in which the Administrators' remuneration is determined and approved is set out in IR16 part 18.

In accordance with the Proposals, as a creditors' committee was not formed, it is for creditors to agree the level of the Administrators' remuneration and Category 2 disbursements.

At a meeting held by correspondence on 20 September 2010, creditors approved resolutions authorising the Administrators to draw remuneration on the basis of their time costs, together with Category 2 disbursements and VAT from 1 July 2010 onwards from time to time.

In accordance with the resolution, the Administrators can draw remuneration 21 days or more after circulating details to creditors. On 3 October 2018, the fee analysis for the period from 1 March 2017 to 31 August 2017 was circulated to creditors and fees of £0.23m (inclusive of VAT) were drawn on 30 October 2017. This brings the total amount of Administrators' remuneration to £22.15m (inclusive of VAT).

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.



## 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 the Insolvency (England & Wales) Rules 2016.

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

## What we still need to do

The Administrators will continue to:

- Realise value from the remaining assets; and
- Make further payments to creditors as funds permit.

## Next steps

We continue to consider the best strategy for ending the Administration, taking into account asset realisations and tax implications.

We expect to send our next report to creditors in about six months.

If you have any questions, please get in touch with Alison Lieberman on +44 20 7583 5000.

Yours faithfully  
For and on behalf of



Joint administrator

*DY Schwarzmann, AV Lomas, SA Pearson, and J G Parr were appointed as Joint Administrators of Storm Funding 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/insolvency-practitioner-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.*

# Appendix A: Receipts and payments

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. Given the nature of the Company's assets and ongoing realisations, the Administrators are not in a position to provide an estimate of the final outcome for creditors.

Storm Funding Limited				Movements		As at	As at
Receipts and Payments to 22 March 2018				from 23		22 September	2017
				As at	September	(GBP equivalent)	As at
				22 March 2018	2017 to 22	RESTATED	22 September
				TOTAL GBP	March 2018	at 22 March 2018	2017
				equivalent	(GBP	£	(GBP
				£	£	£	equivalent)
				000's	000's	000's	000's
As at 22 March 2018							
RECEIPTS	GBP (£)	EUR (€)	USD (\$)				
	000's	000's	000's				
Principal and interest on mortgage assets	107,794	51,190	-	152,498	38	152,460	153,045
Acenden net proceeds	27,940	-	-	27,940	-	27,940	27,940
Income from investments	5,683	400	77	6,087	30	6,057	6,062
Corporation Tax repayments	23,296	-	-	23,296	-	23,296	23,296
VAT	2,736	-	-	2,736	37	2,699	2,699
Other income	2,328	1,517	-	3,653	1,928	1,725	1,742
Intercompany debtors	225,632	98	493,892	576,036	5,745	570,291	584,865
PML and SPML legal costs recovered	172	-	-	172	-	172	172
Foreign currency conversions	595,966	-	-	595,966	6,146	589,820	589,820
Trust asset recoveries	21,919	35,654	327,717	285,505	3	285,502	295,740
<b>Receipts grand totals</b>	<b>1,013,466</b>	<b>88,859</b>	<b>821,685</b>	<b>1,673,889</b>	<b>13,927</b>	<b>1,659,962</b>	<b>1,685,381</b>
PAYMENTS							
Building and occupancy costs	685	-	-	685	-	685	685
Payroll and employee costs	1,680	-	-	1,680	1,416	3,096	3,096
Acenden share repurchase	50	-	-	50	-	50	50
Asset management company expenses	80	-	-	80	-	80	80
Legal fees	4,508	-	5	4,511	9	4,502	4,502
Insurance fees	7	-	-	7	-	7	7
Administrators' remuneration	22,146	-	-	22,146	230	21,916	21,916
Administrators' disbursements	46	-	-	46	-	46	46
Other professional fees	519	-	-	519	2	517	517
Foreign currency conversions	-	88,592	819,222	658,442	5,758	652,684	678,028
Trust asset fees	138	267	2,455	2,112	-	2,112	2,189
Distributions to unsecured creditors	959,135	-	-	959,135	630	958,505	958,505
<b>Payments grand totals</b>	<b>988,992</b>	<b>88,859</b>	<b>821,681</b>	<b>1,649,413</b>	<b>5,213</b>	<b>1,644,200</b>	<b>1,669,621</b>
<b>NET POSITION</b>	<b>24,474</b>	<b>0</b>	<b>4</b>	<b>24,476</b>	<b>8,714</b>	<b>15,762</b>	<b>15,760</b>
CASH BALANCES							
HSBC	452	-	4	454			
Money markets	24,022	-	-	24,022			
<b>Total cash</b>	<b>24,474</b>	<b>-</b>	<b>4</b>	<b>24,476</b>			
Exchange rate as at 22 September 2017							
EURO €1 : GBP	0.8847						
USD \$1 : GBP	0.7393						
Exchange rate as at 22 March 2018							
EURO €1 : GBP	0.8733						
USD \$1 : GBP	0.7093						

Amounts include VAT where applicable

# Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because 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 at Appendix A, which shows expenses actually paid during the period and the total paid to date. Where appropriate, expenses are shown inclusive of VAT.

	<b>Brought forward from preceding period £'000</b>	<b>Incurred in the period under review £'000</b>	<b>Cumulative £'000</b>	<b>Estimated future £'000</b>	<b>Anticipated total £'000</b>
Legal fees	*4,502	9	4,511	427	4,938
Payroll and employee costs	3,096	** (1,416)	1,680		1,680
Building and occupancy costs	685		685		685
Administrators' remuneration	22,172	173	22,345	2,294	24,639
Administrators' disbursements	46		46	4	50
Trust asset fees	2,076	***36	2,112		2,112
Other professional fees	521	4	525	108	633
Total	33,098	(1,194)	31,904	2,833	34,737

\* Brought forward balance adjusted for error in a prior incurred value

\*\* Recovery of historic payroll costs

\*\*\* As a result of FX movement only

# Appendix C: Remuneration update

## Our hours and average rates:

The time cost charges incurred in the six months from 1 September 2017 to 28 February 2018 are £147,565 (net of VAT).

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

### Joint Administrators' time costs for the period 1 September 2017 to 28 February 2018

Classification of work	Partner		Director		Senior Manager		Manager		Senior Associate		Associate		Total	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)
Accounting and Treasury	0.0	0	0.0	0	0.8	438	16.6	7,669	52.8	19,207	13.6	3,332	83.8	30,647
Creditor Claims	0.0	0	1.2	854	0.0	0	2.3	1,063	0.2	77	0.0	0	3.7	1,994
Realisation of Other Assets	0.0	0	4.5	3,168	0.0	0	10.9	5,036	3.9	1,486	0.0	0	19.2	9,690
Statutory and Compliance	2.6	2,431	2.3	1,638	2.0	1,096	36.9	17,048	73.4	28,235	0.0	0	117.2	50,448
Strategy and Planning	0.0	0	3.2	2,278	0.0	0	33.1	15,292	35.0	13,458	0.0	0	71.3	31,029
Tax and VAT	2.0	2,290	1.0	1,039	5.8	4,000	5.7	3,353	19.0	5,766	33.0	7,310	66.5	23,757
<b>Total for six months ended 28 February 2018</b>	<b>4.6</b>	<b>4,721</b>	<b>12.2</b>	<b>8,977</b>	<b>8.6</b>	<b>5,534</b>	<b>105.5</b>	<b>49,461</b>	<b>184.3</b>	<b>68,229</b>	<b>46.6</b>	<b>10,642</b>	<b>361.6</b>	<b>147,565</b>
<b>Average hourly rate for the six month period</b>		<b>1,026</b>		<b>736</b>		<b>643</b>		<b>469</b>		<b>370</b>		<b>228</b>		<b>408</b>
<b>Cumulative total to 28 February 2018</b>													<b>45,337.8</b>	<b>18,784,581</b>

All figures are net of VAT

## *Our time charging policy and hourly rates*

We and our team charge our time for the work we need to do in the Administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the Administration (including our cashiers) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

<b>Grade</b>	<b>From 01/07/2017 £</b>
Partner	935
Director	712
Senior manager	548
Manager	462
Senior associate – qualified	386
Senior associate – unqualified	282
Associate	245
Support staff	282

We call on colleagues in our Tax and VAT departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

<b>Grade</b>	<b>From 01/07/2017 £</b>
Partner	1,204
Director	1,128
Senior manager	969
Manager	657
Senior Associate	433
Associate	227
Support staff	123

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

As agreed with Lehman Brothers International Europe (“LBIE”)’s Creditors’ Committee, the LBIE Administrators’ charge out rates were held unchanged from 1 July 2015 to 30 June 2017. An increase of 4% is effective from 1 July 2017 to 30 June 2019. In line with other UK affiliates controlled by PwC office holders, this approach is also used for Storm.

## Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury	<ul style="list-style-type: none"> <li>• Daily monitoring of the funds held</li> <li>• Investing surplus cash</li> <li>• Preparing and reviewing the receipts and payments report</li> </ul>	<ul style="list-style-type: none"> <li>• To monitor the funds held within the company</li> </ul>	<ul style="list-style-type: none"> <li>• Required by statute</li> <li>• Manage risk of loss through credit default</li> </ul>
Creditor claims	<ul style="list-style-type: none"> <li>• Undertaking steps regarding unpaid ninth dividends</li> <li>• Dealing with ad hoc queries</li> <li>• Prepare for and issue a Notice of Intended Dividend</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure funds are paid out to creditors</li> <li>• To commence payment of a tenth interim dividend</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure payment of amounts owed by all creditors</li> <li>• Sufficient recoveries were made to enable an interim dividend</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>• Arranging deferred consideration payments in relation to Acenden proceeds</li> <li>• Management and processing of dividends received from US affiliates</li> </ul>	<ul style="list-style-type: none"> <li>• To realise maximum value for the creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Increase value of dividends paid</li> </ul>
Statutory and compliance	<ul style="list-style-type: none"> <li>• Preparing and issuing fee pack and progress reports</li> <li>• Six month review by all joint administrators</li> </ul>	<ul style="list-style-type: none"> <li>• To enable reporting to all creditors</li> <li>• To ensure that the correct practice was applied to the estate</li> </ul>	<ul style="list-style-type: none"> <li>• Required by statute and professional guidelines</li> </ul>
Strategy and planning	<ul style="list-style-type: none"> <li>• Updating a budget to closure for the estate</li> <li>• Maintaining budget and updating the estimated financial outcome</li> </ul>	<ul style="list-style-type: none"> <li>• To understand and control costs</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise efficiency of work undertaken</li> </ul>
Tax and VAT	<ul style="list-style-type: none"> <li>• Managing the tax strategy</li> <li>• Ongoing management of tax controls</li> <li>• Review and submission of 2016 corporation tax return</li> </ul>	<ul style="list-style-type: none"> <li>• To remain as tax efficient as possible</li> </ul>	<ul style="list-style-type: none"> <li>• Maximising tax recoveries</li> <li>• Statutory returns</li> <li>• Mitigate tax leakages</li> </ul>

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and preparation of 2017 accounts

- Reconciliation of 2017 VAT and preparation of Aug 17 and Nov 17 VAT returns, including correspondence with HMRC regarding outstanding VAT repayments
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## *Our future work*

We still need to do the following work to achieve the purpose of administration.

Area of work	Work we need to do	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Accounting and treasury	<ul style="list-style-type: none"><li>• Daily monitoring of the funds held</li><li>• Investing surplus cash</li><li>• Preparing and reviewing the receipts and payments report</li></ul>	• 230k-270k	<ul style="list-style-type: none"><li>• Required by statute</li><li>• Manage risk of loss through credit default</li></ul>
Creditor claims	<ul style="list-style-type: none"><li>• Preparation and payment of further dividends</li></ul>	• 250k-290k	<ul style="list-style-type: none"><li>• Further return of creditor funds</li></ul>
Asset realisations	<ul style="list-style-type: none"><li>• The pursuit and monitoring of all claims Storm has in other Lehman estates</li></ul>	• 290k-330k	<ul style="list-style-type: none"><li>• Increase value of dividends paid</li></ul>
Statutory and compliance	<ul style="list-style-type: none"><li>• Preparing and issuing fee pack and progress reports</li><li>• Six month review by all joint administrators</li></ul>	• 280k-320k	<ul style="list-style-type: none"><li>• Required by statute and professional guidelines</li></ul>
Strategy and planning	<ul style="list-style-type: none"><li>• The monitoring of the strategy to the estate is appropriate</li></ul>	• 220k-260k	<ul style="list-style-type: none"><li>• Maximise efficiency of work undertaken</li></ul>
Tax and VAT	<ul style="list-style-type: none"><li>• Continuing the preparation of the accounts and tax returns</li></ul>	• 520k-560k	<ul style="list-style-type: none"><li>• Maximising tax recoveries</li><li>• Statutory returns</li><li>• Mitigate tax leakages</li></ul>

## *Disbursements*

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

The following disbursements arose in the Period.

		<b>Costs incurred £</b>
<b>Category</b>	<b>Policy</b>	
2	Postage	6.73
<b>Total</b>		<b>6.73</b>

## *Our relationships*

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

## *Details of subcontracted work*

Storm has contracted out tax services to the Lehman finance team whose employer is LBIE. This work has been subcontracted because it is more cost efficient than if the Administrators were to do it themselves.

## *Legal and other professional firms*

The Administrators have instructed Linklaters LLP to act as their legal advisors in the Period because of their prior knowledge of Storm. Linklaters LLP is 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. The Administrators have satisfied themselves that the level of legal and professional costs is appropriate.



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## ***Appendix D: Other information***

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court – case 8210 of 2008
Company’s registered name:	Storm Funding Limited
Trading name:	Storm Funding Limited
Registered number:	2682306
Registered address:	7 More London Riverside, London, SE1 2RT
Date of the joint administrators’ appointment:	28 September 2008
Joint administrators’ names, addresses and contact details:	DY Schwarzmman, AV Lomas, SA Pearson and JG Parr of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT. <a href="mailto:storm.claims@uk.pwc.com">storm.claims@uk.pwc.com</a> +44 20 7583 5000
Extension(s) to the initial period of appointment:	The Court has granted four successive extensions to the Administration period being to 30 November 2010, 30 November 2011, 30 November 2016 and 30 November 2022.

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