

Registered number: 05349993

MBAM Investor Limited

**Annual report and financial statements
for the year ended 30 November 2019**

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MBAM Investor Limited

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MBAM Investor Limited

Company information

Directors	R Harper S Ross
Registered number	05349993
Registered office	1 Chamberlain Square CS Birmingham United Kingdom B3 3AX
Auditor	Mercer & Hole 21 Lombard Street London EC3V 9AH

MBAM Investor Limited

Strategic report for the year ended 30 November 2019

The directors present the Strategic report for the year ended 30 November 2019.

Review of business

In 2011, further to the Lehman Brothers' settlement agreement, the company agreed certain claims with Lehman Brothers Holdings Inc. ("LBHI") in respect of the intercompany balance owed to the company by Lehman Brothers Holdings Plc (in administration) ("LBH") which was guaranteed by LBHI and a general intercompany balance owed to the company by LBHI. The claims were agreed at \$46,568,411 and \$1,214,694 respectively.

During the year, a total of £5,277 (\$6,641) (2018: £488,462 (\$661,532)) has been received from LBHI; £nil (2018: £470,124 (\$636,988)) in relation to the guarantee claim on the LBH balance receivable and £5,277 (\$6,641) (2018: £18,338 (\$24,544)) in relation to the direct claim amount on the general intercompany balance.

On 26 November 2019 the direct claim amount on the general intercompany balance was sold for £10,625 (\$13,641) creating a gain on disposal of £10,614 which is included within operating expenses.

In November 2015, LBH admitted the claim from the company at £51,924,414.70. During the year, a total of £6,423,050 (2018: £42,344,356) has been received from LBH in full and final settlement of the claim. The company also received £1,405,101 of statutory interest (2018: £nil).

On the basis of certain provisions of the Lehman Brothers settlement agreement, several creditors of companies in administration in the Lehman Brothers' group have raised an argument as to whether LBHI is entitled to receive repayment of amounts paid in respect of guarantee claims where the primary obligor has satisfied the claim admitted in the insolvency of the primary obligor. As a result, the company has not repaid to LBHI any funds it has received in respect of its guarantee claim totalling \$16,280,325.

In April 2018, LBHI commenced proceedings in the New York Bankruptcy Court against the company and several other companies in the Lehman Brothers' group which are in administration for recovery of sums paid by LBHI to those defendants in respect of the guarantee claims. This action is currently ongoing and the outcome is uncertain at the date of this report. As a precaution, the Directors have made a provision for the amount that may become due as a result of these proceedings and provided against the remaining guaranteed claim in full.

The ultimate parent undertaking of the company, LBHI, incorporated in the State of Delaware in the United States of America, filed for Chapter 11 bankruptcy protection on 15 September 2008. Subsequent to this event, the immediate parent undertaking of the Company, LBH, went into administration on 15 September 2008. On 6 December 2011, the United States Bankruptcy Court for the Southern District of New York confirmed the modified Third Amended Joint Chapter 11 Plan for LBHI and its Affiliated Debtors and on 6 March 2012, the "Effective Date" occurred. As a result of the effectiveness of the Plan, LBHI and its Affiliated Debtors have emerged from bankruptcy.

The financial statements have been prepared on a going concern basis. Following the events noted in the preceding paragraph, it is the directors' opinion that the administration of the parent company indicates a material uncertainty concerning the company's future. This may cast significant doubt on the company's ability to continue as a going concern. The directors do not believe that any potential impact the Coronavirus "COVID-19" might have on the company's assets will change this assessment.

Principal risks and uncertainties

Liquidity risks and cash flow

The company actively monitors its liquidity and cash flow position to ensure it has sufficient cash in order to fund its activities.

MBAM Investor Limited

Strategic report (continued) for the year ended 30 November 2019

Key performance indicators

Given the nature of the company's activity, the directors are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Future developments

The directors do not anticipate that there will be any fundamental change in the development of the company's business during the coming year.

On behalf of the board,



**R Harper
Director**

16 October 2020

MBAM Investor Limited

Directors' report for the year ended 30 November 2019

The directors present their report and the audited financial statements for the year ended 30 November 2019.

Principal activities

The principal activity of the company was that of an investment company.

Directors

The directors who held office during the year and to the date of signature of the financial statements, were as follows:

R Harper
S Ross

Results and dividends

The company's results for the financial year are set out in the statement of comprehensive income on page 9.

During the year, the company proposed and paid dividends amounting to £Nil (2018: £34,802,097).

Future developments

An indication of the likely future developments of the company is provided in the Strategic report.

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. The liability and indemnity insurance was still in place at the date of signing this report.

Post balance sheet event

The recent Coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organisation in March 2020. As a result there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates. For the company's 30 November 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. The company's remaining assets or liabilities mainly consist of the agreed guarantee claim of \$46,568,411 with Lehman Brothers Holdings Inc. ("LBHI"). To date the company has received \$16,280,325 in respect of this claim. LBHI has initiated legal proceedings against the company to repay the distributions received. This action is currently ongoing and the outcome is uncertain at the date of this report. As a precaution, the Directors have made a provision for the amount that may become due as a result of these proceedings and have provided against the remaining guaranteed claim in full. The directors are of the opinion that there is no impact on the recognition and measurement of the company's assets or liabilities as a result of the COVID-19 outbreak.

MBAM Investor Limited

Directors' report (continued) for the year ended 30 November 2019

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Mercer & Hole will therefore continue in office.

On behalf of the board



**R Harper
Director**

16 October 2020

MBAM Investor Limited

Independent auditor's report to the members of MBAM Investor Limited

Opinion

We have audited the financial statements of MBAM Investor Limited (the 'company') for the year ended 30 November 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The matter explained in note 1 to the financial statements indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MBAM Investor Limited

Independent auditor's report to the members of MBAM Investor Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MBAM Investor Limited

Independent auditor's report to the members of MBAM Investor Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Crook BA ACA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

**Chartered Accountants
Statutory Auditor**

21 Lombard Street
London
EC3V 9AH

21 October

2020

MBAM Investor Limited

Statement of comprehensive income for the year ended 30 November 2019

	Note	2019 £	2018 £
Operating (expense)/income		(12,976,964)	48,275,792
Operating (loss)/profit	3 / 12	(12,976,964)	48,275,792
Interest receivable and similar income	5	1,487,302	18,985
Interest payable and similar charges	6	(410)	(307)
(Loss)/profit before tax		(11,490,072)	48,294,470
Tax on (loss)/profit	7	(157,050)	-
Total comprehensive (expense)/income for the year		(11,647,122)	48,294,470

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

MBAM Investor Limited

Registered number: 05349993

**Balance sheet
as at 30 November 2019**

	Note	2019 £	2018 £
Current assets			
Debtors	8	-	6,428,272
Cash at bank and in hand		17,129,501	9,605,383
		<u>17,129,501</u>	<u>16,033,655</u>
Creditors: amounts falling due within one year	10	(192,344)	(34,661)
Net current assets		16,937,157	15,998,994
Provisions for liabilities			
Other provisions	12	(12,585,285)	-
Net assets		4,351,872	15,998,994
Capital and reserves			
Called up share capital	13	1	1
Profit and loss reserves		4,351,871	15,998,993
Total equity		4,351,872	15,998,994

The notes on pages 13 to 20 form part of these financial statements.

The financial statements were approved by the board of directors and authorised on *16 October* 2020 and are signed on its behalf by:



R Harper
Director

MBAM Investor Limited

Statement of changes in equity for the year ended 30 November 2019

	Called up share capital	Profit and loss reserves	Total equity
	£	£	£
At 1 December 2018	1	15,998,993	15,998,994
Loss for the financial year	-	(11,647,122)	(11,647,122)
At 30 November 2019	1	4,351,871	4,351,872

Statement of changes in equity for the year ended 30 November 2018

	Called up share capital	Profit and loss reserves	Total equity
	£	£	£
At 1 December 2017	1	2,506,620	2,506,621
Profit for the financial year	-	48,294,470	48,294,470
Dividends	-	(34,802,097)	(34,802,097)
At 30 November 2018	1	15,998,993	15,998,994

The notes on pages 13 to 21 form part of these financial statements.

MBAM Investor Limited

Statement of cash flows for the year ended 30 November 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
(Loss)/profit for the financial year		(11,647,122)	48,294,470
Adjustments for:			
Interest paid		410	307
Interest received		(1,487,302)	(18,985)
Taxation charge		157,050	-
Decrease/(increase) in debtors		6,428,272	(5,563,163)
Increase/(decrease) in creditors		633	(1,982)
Increase in provisions		12,585,285	-
Net cash generated from operating activities		6,037,226	42,710,647
Cash flows from investing activities			
Interest received		1,487,302	18,985
Net cash generated from investing activities		1,487,302	18,985
Cash flows from financing activities			
Dividends paid		-	(34,802,097)
Interest paid		(410)	(307)
Net cash used in financing activities		(410)	(34,802,404)
Net increase in cash and cash equivalents		7,524,118	7,927,228
Cash and cash equivalents at beginning of year		9,605,383	1,678,155
Cash and cash equivalents at the end of year		17,129,501	9,605,383
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		17,129,501	9,605,383

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

1. Accounting policies

Company information

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 1 Chamberlain Square CS, Birmingham, United Kingdom, B3 3AX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The factors discussed in the Strategic report regarding the administration of the parent company indicate a material uncertainty concerning the company's future. This may cast significant doubt on the company's ability to continue as a going concern. The directors do not believe that any potential impact COVID-19 might have on the company's assets will change this assessment.

1.3 Interest receivable and similar income

Interest income is recognised using the effective interest method.

1.4 Interest payable and similar charges

Interest payable to group undertakings is recognised on an accruals basis.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

1. Accounting policies (continued)

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of comprehensive income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

1. Accounting policies (continued)

1.7 Equity instruments

Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable (loss)/profit for the year. Taxable (loss)/profit differs from net (loss)/profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences in the company's taxable (loss)/profit and its results as stated in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable (loss)/profit from which the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.9 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end dates. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

1.11 Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

1. Accounting policies (continued)

1.12 Provisions for liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The critical judgements the directors have made in the process of applying the company's accounting policies and that the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing going concern

The financial statements have been prepared on a going concern basis. The factors discussed in the Strategic report regarding the insolvency of the parent company indicate a material uncertainty concerning the company's future. The wind-down of the parent company will ultimately result in the company being placed into liquidation in the future though the timing on this is uncertain.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provision against amounts due from group undertakings

The company makes an estimate of the recoverable amount of the guaranteed and general claims agreed with LBHI and LBH. When assessing the provision required against these claims the company considers factors including the market value of similar claims. See note 9 for the carrying amount of the claims.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

3. Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):

	2019 £	2018 £
Foreign exchange gains	(171)	(12,585)
Fees payable to the company's auditor for the audit of the company's financial statements	8,800	8,400

4. Employees and directors

Employees

The company had no employees during the year (2018: nil).

Directors

The directors of the company during the year were also directors of LB SF Warehouse Limited in whose financial statements the information required by the Companies Act 2006 as regards directors' emoluments will be given.

5. Interest receivable and similar income

	2019 £	2018 £
Bank interest	82,206	18,985
Interest received from group undertakings	1,405,096	-
	<u>1,487,302</u>	<u>18,985</u>

6. Interest payable and similar expenses

	2019 £	2018 £
Interest payable to other group undertakings	410	307

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

7. Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on (losses)/profit for the year	157,050	-
Total current tax	157,050	-

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(11,490,072)	48,294,470
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(2,183,114)	9,175,949
Effects of:		
Tax effects of expenses that are not deductible in determining taxable (loss)/profit	2,391,170	(9,197,241)
Tax losses carried forward but not utilised	-	21,292
Utilisation of tax losses carried forward	(51,006)	-
Total tax charge for the year	157,050	-

Factors affecting future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

8. Debtors

	2019 £	2018 £
Amounts due from group undertakings	-	7,028,003
Provision against amounts due from group undertakings	-	(599,731)
	<u>-</u>	<u>6,428,272</u>

9. Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>-</u>	<u>6,428,272</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>35,294</u>	<u>34,661</u>

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts due to group undertakings	18,615	18,461
Corporation tax	157,050	-
Accruals and deferred income	16,679	16,200
	<u>192,344</u>	<u>34,661</u>

11. Deferred taxation

A potential deferred tax asset of £Nil (2018: £45,584) for losses of £Nil (2018: £268,143) has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. This asset would be recoverable if there are sufficient and suitable taxable profits in the future in which to offset the losses.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

12. Provisions

	Pending litigation £
At 1 December 2018	-
Charged to statement of comprehensive income	12,585,285
At 30 November 2019	<u>12,585,285</u>

On the basis of certain provisions of the Lehman Brothers settlement agreement, several creditors of companies in administration in the Lehman Brothers' group have raised an argument as to whether LBHI is entitled to receive repayment of amounts paid in respect of guarantee claims where the primary obligor has satisfied the claim admitted in the insolvency of the primary obligor. As a result, the company has not repaid to LBHI any funds it has received in respect of its guarantee claim totalling \$16,280,325.

As a result, LBHI initiated legal proceedings against certain companies in the Lehman Brothers' group, including the company, to repay the distributions received under the guarantee claim. This action is currently ongoing and the outcome is uncertain at the date of this report. As a precaution, the Directors have made a provision for the amount that may become due as a result of these proceedings and provided against the remaining guaranteed claim in full.

13. Called up share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid		
1 (2018: 1) ordinary shares of £1 each	<u>1</u>	<u>1</u>

14. Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102, not to disclose transactions entered into between two or more members of the group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

15. Post balance sheet events

The recent COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. As a result there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates. For the company's 30 November 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. The company's remaining assets or liabilities mainly consist of the agreed guarantee claim of \$46,568,411 with LBHI. To date the company has received \$16,280,325 in respect of this claim. LBHI has initiated legal proceedings against the company to repay the distributions received. This action is currently ongoing and the outcome is uncertain at the date of this report. As a precaution, the Directors have made a provision for the amount that may become due as a result of these proceedings and have provided against the remaining guaranteed claim in full. The directors are of the opinion that there is no impact on the recognition and measurement of the company's assets or liabilities as a result of the COVID-19 outbreak.

MBAM Investor Limited

Notes to the financial statements for the year ended 30 November 2019

16. Controlling party

The immediate parent company Lehman Brothers Holdings Plc. went into administration on 15 September 2008.

The ultimate parent company of the company, Lehman Brothers Holdings Inc., is incorporated in the State of Delaware in the United States of America.

The ultimate parent undertaking of the company, Lehman Brothers Holdings Inc., incorporated in the State of Delaware in the United States of America, filed for Chapter 11 bankruptcy protection on 15 September 2008. Subsequent to this event, the immediate parent undertaking of the Company, Lehman Brothers Holdings Plc, went into administration on 15 September 2008. On 6 December 2011, the Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc. and its Affiliated Debtors and on 6 March 2012, the "Effective Date" occurred. As a result of the effectiveness of the Plan, Lehman Brothers Holdings Inc. and its Affiliated Debtors have emerged from bankruptcy.

No member of the immediate parent undertaking or ultimate parent company group produces consolidated financial statements.