

# **Lehman Brothers ODC 2 Limited**

## **Report and Accounts**

For the year ended 30 November 2012

Registration No 06324467



## Lehman Brothers ODC 2 Limited

---

Registered No 06324467

### **Directors**

D J Ehrmann  
C S Feibus  
J S Keen

### **Secretary**

Puxon Murray LLP

### **Auditors**

Mercer & Hole  
Fleet Place House  
2 Fleet Place  
London EC4M 7RF

### **Registered Office**

C/o Puxon Murray LLP  
1 King Street  
London EC2V 8AU

## Directors' report

The directors present their first report and accounts for the year ended 30 November 2012

### Results and dividends

The profit after tax, for the period was \$49,750 (2011 \$1,894) The directors do not recommend the payment of a dividend (2011 \$Nil)

### Principal activities

The principal activity of Lehman Brothers ODC2 Ltd ("the Company") is to hold investments in subsidiary undertakings

### Review of business and future developments

On 15 September 2008, the Company's ultimate parent, Lehman Brothers Holdings Incorporated ("LBHI") filed for protection in the United States under Chapter 11 of the U S Bankruptcy code

The Company's direct subsidiary Lehman Brothers ODC3 Limited was placed in a voluntary liquidation process on 5 November 2010

On 6 December 2011, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc and its Affiliated Debtors (the "Plan") and on 6 March 2012, the "Effective Date" (as defined in the Plan) occurred As a result of the effectiveness of the Plan, LBHI and its Affiliated Debtors ("Other Debtors", those entities which also filed for Chapter 11 protection in the Bankruptcy Court) have emerged from bankruptcy

Pursuant to the Plan referred to above, LBHI and those entities that are directly or indirectly controlled by LBHI are in the process of liquidating their assets and settling their outstanding obligations and claims liabilities The wind down process (1) is expected to take considerable effort and time and will differ in both approach and timing for each subsidiary depending on its specific circumstances including such activities as the timing of collections from subsidiaries that are now under separate administrations and the resolution or assumptions of claim liabilities, and (2) will ultimately result in the Company being dissolved or sold in the future subject to regulatory requirements These conditions may have a significant impact on the Company's ability to estimate the recoverable amounts on the Company's assets and the settled amounts on the Company's claim liabilities

Following the events noted above, the Company no longer has a continuing trade and there are no plans for the Company to make additional investments, accordingly, these financial statements have not been prepared on a going concern basis The impact of this is discussed in note 1 of the financial statements

Pursuant to the Plan, LBHI, Other Debtors, and those entities directly or indirectly controlled by LBHI and Other Debtors (collectively, "Debtor-controlled entities") continue to liquidate their assets and have been and will continue to make distributions to creditors For the avoidance of doubt, the term "Debtor-controlled entities" excludes those entities under separate administrations in the United States or abroad, including Lehman Brothers Inc and Lehman Brothers International (Europe)

In April and October 2012, the Company received distributions from LBHI totalling \$39,435 As a result of these distributions, a partial reversal of the impairment of the Company's receivable from LBHI is reflected in the current year

### Post balance sheet events

On 1 April 2013, the Company received an additional \$20,062 from LBHI As a result of this distribution, a partial reversal of the impairment of the Company's receivable from LBHI is reflected in the period ended 30 November 2012

## Directors' report

### Directors and their interests

The directors during the period and at the date of this report unless otherwise stated, were

N P Christie (resigned 28 June 2012)

D J Ehrmann

W J Fox (resigned 11 June 2013)

J S Keen (appointed 28 June 2012)

C S Feibus (appointed 11 June 2013)

There are no directors' interests requiring disclosure under the Companies Act 2006

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

### Directors Indemnity Insurance

Liability & indemnity insurance for the directors and officers of the Company was maintained throughout the year. The liability and indemnity insurance held by the Company's ultimate parent, Lehman Brothers Holding Incorporated was still in place at the date of signing this report.

### Auditors

The auditors, Mercer & Hole, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



J Keen

Date 28/8/2013

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Directors' 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 they are 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 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.

## **Independent auditors' report to the members of Lehman Brothers ODC 2 Limited**

We have audited the financial statements of Lehman Brothers ODC2 Limited for the year ended 30 November 2012 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 November 2012 and of its profit and 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of Lehman Brothers ODC 2 Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

*30 August 2013*

**Chartered Accountants  
Statutory Auditor**

Fleet Place House  
2 Fleet Place  
London  
EC4M 7RF

## Profit and loss account

At 30 November 2012

	<i>Notes</i>	<i>2012</i> <i>\$000</i>	<i>2011</i> <i>\$000</i>
Administration expenses	2	(9)	3
Provision write back on current assets		59	-
		<hr/>	<hr/>
<b>Profit on Ordinary activities before taxation</b>		50	3
Tax on profit on ordinary activities	3	-	1
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		50	2
		<hr/>	<hr/>

There are no recognised gains or losses, other than the profit of \$49,750 attributable to the shareholders of the Company for the year ended 30 November 2012

The notes on pages 9 to 13 form part of the financial statements



## Balance sheet

At 30 November 2012

	Notes	2012 \$000	2011 \$000
<b>Current assets</b>			
Investments	5	-	-
Debtors	6	59	-
		<u>-</u>	<u>-</u>
<b>Creditors</b> amounts falling due within one year	7	(43)	(34)
<b>Net current assets / liabilities</b>		<u>16</u>	<u>(34)</u>
<b>Capital and reserves</b>			
Called up share capital	8	157,500	157,500
Profit and loss account	9	(157,484)	(157,534)
<b>Shareholders' funds / deficit</b>	10	<u>16</u>	<u>(34)</u>

These financial statements were approved by the board of directors and were signed on its behalf by

Director **J KEEN**



Date **28/8/2013**

Registration Number 06324467

The notes on pages 9 to 13 form part of the financial statements

## Notes to the financial statements

At 30 November 2012

### 1. Accounting policies

#### **Basis of preparation**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards set out below

No cash flow statement has been prepared as there were no cash flows in the year. Any cash received due to distributions from LBHI is held on behalf of the Company by an affiliated undertaking

The directors have considered the factors discussed in the Director's report regarding the lack of a continuing trade in the Company and have resolved that they do not consider the Company to be a going concern. These accounts have therefore been prepared on a break-up basis. Fixed assets have been classified as current assets, investments and the costs of closure will be borne by the ultimate parent company.

#### **Exemption from preparation of group financial statements**

Group accounts have not been prepared as the Company has taken advantage of the exemption in Section 399 of the Companies Act 2006.

#### **Functional currency**

The Company's functional currency is US dollars as the directors consider this to be the most appropriate currency for the company's business.

#### **Current assets investments**

The investments in subsidiary undertakings are carried at historic cost, less any provision for permanent diminution in value.

Any permanent diminution in value of investments is charged to the profit and loss account.

The carrying values of the investments are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable.

For investments in subsidiary undertakings denominated in currencies other than the functional currency of the Company, historical cost is determined with reference to the historical exchange rate at acquisition.

#### **Foreign currency translation**

The Company's assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rates of exchange for the month in which they occur. Any differences arising from translation are dealt with in the profit and loss account.

## Notes to the financial statements

At 30 November 2012

### 2. Administrative expenses

	2012 \$000	2011 \$000
Audit fees	(7)	5
Company secretarial fees	(2)	(2)
	<u>(9)</u>	<u>3</u>

The administrative expenses represent fees payable to the Company's auditor for the audit of the Company's annual accounts and Company secretarial fees

### 3 Tax on loss on ordinary activities

	2012 \$000	2011 \$000
(a) Tax on profit on ordinary activities		
UK corporation tax	-	1
Total Tax	<u>-</u>	<u>1</u>

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the current year differs from the standard rate of corporation tax in the UK of 24.66% (2011 26.66%) The differences are reconciled below

Profit / (loss) on ordinary activities before tax	50	3
Profit / (Loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 24.66% (2011 26.66%)	12	1
Income not deductible for tax purposes	(15)	-
Tax losses carried forward but not recognised	3	-
Current Tax Charge for the year	<u>-</u>	<u>1</u>

#### (c) Factors affecting future tax charge

Losses of \$6,169 result in a deferred tax asset of \$1,419 The deferred tax asset has not been recognised due to the uncertainty surrounding the Company's future profitability

The reduction in the UK corporation tax rate to 23% was substantively enacted in July 2012 and is effective from 1 April 2013 Further reductions in the UK Corporation tax rate from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015 were announced in the March 2013 budget and substantively enacted in July 2013 The aggregate impact of the proposed reductions in the corporation tax rate would reduce the unrecognised deferred tax asset by \$185

## Notes to the financial statements

At 30 November 2012

### 4. Information regarding directors and employees

The directors did not receive any emoluments for services to the Company during the period

The Company had no employees during the period

### 5. Current asset investments

The following information as at 30 November 2012 relates to the principal subsidiaries of Lehman Brothers ODC 2, which is registered in England and Wales

	2012 \$
<i>Cost</i>	
At 30 November 2011 and 30 November 2012	1
<i>Provision</i>	
At 30 November 2011 and 30 November 2012	1
Net carrying amount as at 30 November 2011 and at 30 November 2012	-

<i>Name of company</i>	<i>Description of shares held by company</i>	<i>Proportion of nominal value and voting rights of shares held</i>	<i>Principal business</i>
Lehman Brothers ODC 3 Limited	Ordinary	100%	Holding Company

Accounts for Lehman Brothers ODC 3 Limited have not been audited and the Company is currently in a voluntary liquidation process

### 6 Debtors

	2012 \$000	2011 \$000
Amounts due from group undertakings	163,847	163,847
Provision against amounts due from group undertakings	(157,441)	(157,500)
Provision against interest receivable on amounts due from group undertakings	(6,347)	(6,347)
	59	-

## Notes to the financial statements

At 30 November 2012

### 7. Creditors: amounts falling due within one year

	2012 \$000	2011 \$000
Amounts due to group undertakings	38	31
Accruals	5	3
	<u>43</u>	<u>34</u>

### 8. Share capital

	2012 \$000	2011 \$000
Allotted, called up and fully paid 157,500,001 ordinary share of \$1 each	157,500	157,500
	<u>157,500</u>	<u>157,500</u>

### 9. Profit and loss account

	<i>Profit and loss account \$000</i>
At 30 November 2011	(157,534)
Profit for the period	50
At 30 November 2012	<u>(157,484)</u>

### 10. Reconciliation of movements in shareholders' funds

	<i>Share capital \$000</i>	<i>Profit and loss account \$000</i>	<i>Total shareholder's funds \$000</i>
At 30 November 2010	157,500	(157,536)	(36)
Profit for the financial year	-	(2)	2
At 30 November 2011	<u>157,500</u>	<u>(157,534)</u>	<u>(34)</u>
Profit for the financial year	-	50	50
At 30 November 2012	<u>157 500</u>	<u>(157 484)</u>	<u>16</u>

## Notes to the financial statements

At 30 November 2012

### 11. Ultimate parent company

The immediate parent company is Lehman Brothers Holdings ODC1, which is registered and incorporated in England. The ultimate parent company, Lehman Brothers Holdings Inc, is incorporated in the State of Delaware in the United States of America.

### 12. Related party transactions

The Company is owed a balance of \$163,336,948 (2011: \$163,336,948) by Lehman Brothers ODC 3 Limited, a subsidiary undertaking. This represented a loan issued in a prior period plus outstanding interest accrued since then. No interest has been charged in the current year. The balance has been fully provided for.

The Company is owed a balance of \$470,823 (2011: \$510,258) by Lehman Brothers Holdings Inc, the ultimate parent company. This represented a loan issued in a prior period plus interest. A distribution of \$39,435 was received from LBHI during the current year and \$20,062 was received on April 1, 2013. No interest has been charged in the current year. The remainder of the balance has been fully provided for.

Also included within amounts due from group undertakings is the amount of \$39,435 (2011: \$nil) held by LB Agency Co LLC on behalf of the company.

Any cash received due to distributions from Lehman Brothers Holdings Inc is held on behalf of the Company by LB Agency Co LLC, an affiliated undertaking.

During the year, Lehman Brothers Holdings Inc, the ultimate parent company, paid expenses on behalf of the company of \$7,030. At the year end, the Company owes a balance of \$38,427 (2011: \$31,397) to Lehman Brothers Holdings Inc in respect of expenses paid on the Company's behalf.

### 13. Post balance sheet events

On 1 April 2013, the Company received an additional \$20,062 from Lehman Brothers Holdings Inc. As a result of this distribution, a partial reversal of the impairment of the Company's receivable from Lehman Brothers Holdings Inc is reflected in the period ended 30 November 2012.