

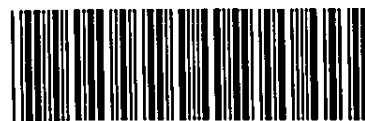
# **Lehman Brothers ODC 2 Limited**

## **Report and Accounts**

For the year ended 30 November 2008

Registration No 6324467

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25/11/2010

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COMPANIES HOUSE

# Lehman Brothers ODC 2 Limited

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Registered No 6324467

## **Directors**

N P Christie  
D J Ehrmann  
W J Fox

## **Secretary**

Puxon Murray LLP

## **Auditors**

Mercer & Hole  
76 Shoe Lane  
London EC4A 3JB

## **Registered Office**

C/o Puxon Murray LLP  
One Royal Exchange Avenue  
London EC3V 3LT

## Directors' report

The directors present their first report and accounts for the year ended 30 November 2008

### Results and dividends

The loss after tax, for the year was \$7,000. No final dividend was paid during the year.

### Principal activities

The principal activity of the company is to hold investments in subsidiary undertakings.

### Review of business and going concern

The authorised share capital of the company was increased from \$1,000 to \$1,000,000,000 by creation of 999,999,000 ordinary shares of \$1 each.

On 19<sup>th</sup> December 2007 Lehman Brothers ODC 1 limited subscribed in equity of the company amounting to \$157,500,000.

On 15 September 2008, the Company's ultimate parent, Lehman Brothers Holdings Incorporated filed for protection in the United States under Chapter 11 of the U S Bankruptcy code. Consequently, there is uncertainty over the company's future developments and its long-term status.

The company's indirect subsidiary Lehman Brothers ODC3 Limited filed for liquidation on 5 November 2010.

### Directors and their interests

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

N P Christie (appointed 27 July 2010)  
D J Ehrmann (appointed 27 July 2010)  
M R Fahy (resigned 9 March 2009)  
W J Fox (appointed 27 July 2010)  
A J Rush (resigned 27 February 2009)  
S J Williams (resigned 20 July 2009)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### Charitable contributions

During the period the company made no charitable contributions.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

The current directors were appointed several months after the year-end and following an extended period when the company had no directors. The current directors had limited involvement with the company during the year covered by this report and were not responsible for the activities and operations of the company at that time.

## Directors' report

### 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

A resolution to reappoint Mercer & Hole as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

Director



N CHRISTIE

Date

24<sup>th</sup> November 2010

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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,
- 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 proper accounting records which 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 1985. 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 2008 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 Section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

### **Opinion**

#### **In our opinion**

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2008 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

### **Emphasis Of Matter**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of \$7,000 during the period ended 30 November 2008 and, at that date, the company had net liabilities of \$14,000. These conditions, along with the other matters explained in note 1 to the financial statements, indicate 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.

*Mercer & Hole*

Mercer & Hole

Registered auditor

London

Date *25 November 2010*

# Profit and loss account

At 30 November 2008

		25 July to 30 November	
	Notes	2008 \$000	2007 \$000
<b>Operating Profit</b>			
Interest receivable and similar income	2	-	-
Administrative expenses	2	(7)	(7)
Provision against loan due from subsidiary undertaking	2	-	(157,500)
		<u>(7)</u>	<u>(157,507)</u>
<b>Loss on Ordinary activities before taxation</b>		(7)	(157,507)
Tax on profit on ordinary activities	4	-	-
		<u>(7)</u>	<u>(157,507)</u>
<b>Loss on ordinary activities after taxation</b>		<u>(7)</u>	<u>(157,507)</u>

There are no recognised gains or losses, other than the loss of \$7,000 attributable to the shareholders of the company for the year ended 30 November 2008



# Balance sheet

At 30 November 2008

	Notes	2008 \$000	2007 \$000
<b>Fixed assets</b>			
Investments	5	-	-
<b>Current assets</b>			
Debtors	6	-	-
		-	-
<b>Creditors</b> amounts falling due within one year	7	(14)	(157,507)
<b>Net current liabilities</b>		(14)	(157,507)
<b>Capital and reserves</b>			
Called up share capital	8	157,500	-
Profit and loss account	9	(157,514)	(157,507)
<b>Shareholders' deficit</b>	10	(14)	(157,507)

Director

Neil Christie

N CHRISTIE

Date

24<sup>th</sup> November 2010

## Notes to the financial statements

At 30 November 2008

### 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

#### **Going concern**

The accounts have been prepared on a going concern basis however, the company has net liabilities. The company is dependent on the support of various group companies.

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

The financial statements present information about the company as an individual undertaking and not about its group. The company and its undertakings comprise a small group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

#### **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.

#### **Investments in subsidiary undertakings**

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 if 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. Exchange differences arising on translation of the company's net equity interest in subsidiaries with a functional currency other than dollars are dealt with as movements on reserves.

## Notes to the financial statements

At 30 November 2008

### 2. Results and dividends

	2008 \$000	2007 \$000
Provision against loan due from subsidiary undertaking	-	(157,500)
Interest receivable from subsidiary	4,757	332
Provision against interest receivable from subsidiary undertaking	(4,757)	(332)
Administrative expenses	(7)	(7)
	<u>(7)</u>	<u>(157,507)</u>

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

### 3. Tax on profit on ordinary activities

	2008 \$000	2008 \$000
(a) Tax on (loss)/profit on ordinary activities		
UK corporation tax	-	-
Total Tax	<u>-</u>	<u>-</u>

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

The tax assessed on the profit/ (loss) on ordinary activities for the current year differs from the standard rate of corporation tax in the UK of 28% (2007- 30%) The differences are reconciled below

(Loss) / profit on ordinary activities before tax	<u>(7)</u>	<u>(157,507)</u>
(Loss) / profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28% (2007- 30%)	(2)	(47,252)
Non allowable provision	1,365	47,250
Permanent differences	-	-
Group Relief surrendered for nil consideration	(1,363)	2
Current Tax Charge for the year	<u>-</u>	<u>-</u>

## Notes to the financial statements

At 30 November 2008

### 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. Fixed asset investments

The following information as at 30 November 2008 relates to the principal subsidiaries of Lehman Brothers ODC 2, which is registered in England and Wales

	2008 \$
<i>Cost</i>	
At 1 December 2007 and 30 November 2008	1
<i>Provision</i>	
At the beginning of the period	1
Movement in provision	-
At the end of the period	1
Net carrying amount at 30 <sup>th</sup> November 2008	-

<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

The following information is taken from the subsidiary's unaudited management accounts at 30 November 2008 -

	<b>Lehman Brothers ODC 3 Limited</b> \$000
Capital and Reserves	(161,074)
Loss for the year	(160,029)

Accounts for Lehman Brothers ODC 3 Limited have not been audited and the company is now in liquidation

## Notes to the financial statements

At 30 November 2008

### 6. Debtors

	2008	2007
	\$000	\$000
Amounts due from subsidiary undertakings	162,588	157,832
Provision against amounts due from subsidiary undertakings	(157,500)	(157,500)
Provision against interest receivable on amounts due from subsidiary undertakings	(5,088)	(332)
	<u>-</u>	<u>-</u>

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

	2008	2007
	\$000	\$000
Amounts due to parent undertaking	-	157,500
Accruals	14	7
	<u>14</u>	<u>157,507</u>

### 8. Share capital

	2008	2007
	\$000	\$000
Authorised		
1,000,000,000 Ordinary shares of \$1 each	1,000,000	1
	<u>1,000,000</u>	<u>1</u>
	2008	2007
	\$000	\$000
Allotted, called up and fully paid		
157,500,001 ordinary share of \$1 each	157,500	-
	<u>157,500</u>	<u>-</u>

During the year the company issued 157,500,000 ordinary shares at \$1 each

## Notes to the financial statements

At 30 November 2008

### 9. Profit and loss account

	<i>Profit and loss account \$000</i>
At 30 November 2007	(157,507)
(Loss) for the period	(7)
At 30 November 2008	<u>(157,514)</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 25 July 2007	-	-	-
Profit for the financial year	-	(157,507)	(157,507)
At 30th November 2007	-	(157,507)	(157,507)
Shares issued during the period	157,500	-	157,500
Loss for the financial year	-	(7)	(7)
At 30th November 2008	<u>157,500</u>	<u>(157,514)</u>	<u>(14)</u>

### 11. Post balance sheet events

Full details of post balance sheet events are given in the Directors' Report

### 12. Ultimate parent company

The immediate parent company is Lehman Brothers Holdings ODC 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.

### 13. Related party transactions

The company was owed a balance of \$162,588,413 by Lehman Brothers ODC 3 Limited (2007 \$157,831,745), a subsidiary undertaking. This represented a loan issued in the prior period plus interest accrued. The balance has been fully provided for.