

# **Lehman Brothers ODC 2 Limited**

## **Report and Accounts**

For the year ended 30 November 2010  
Registration No 6324467

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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 2010

### **Results and dividends**

The loss after tax, for the period was \$15,381 The directors do not recommend the payment of a dividend (2009 \$Nil)

### **Principal activities**

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

### **Review of business and going concern**

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 direct subsidiary Lehman Brothers ODC3 Limited entered 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)

W J Fox (appointed 27 July 2010)

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

### **Charitable contributions**

During the period the company made no charitable contributions

### **Director's statement as to disclosure of information to auditors**

The directors who are members of the board at the time of approving the directors' report are listed on page 1 The directors confirm that

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- they have taken all the steps directors might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

The current directors were appointed several months after the beginning of the year following an extended period when the company had no directors The current directors had no involvement with the company prior to their appointment and were not responsible for the activities and operations before their appointment

### **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

## Directors' 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

  
Director

N CHRISTIE

Date 20/6/2011

## **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,
- 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 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 2010 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 Director's Responsibilities Statement set out on page 4, the director is 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 director, 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 2010 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 Director's 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**

### **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 \$15,381 during the period ended 30 November 2010 and, at that date, the company had net liabilities of \$36,381. 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.

### **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

28 June 2011

**Chartered Accountants**  
**Statutory Auditor**

International press centre  
76 Shoe Lane  
London  
EC4A 3JB

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## Profit and loss account

At 30 November 2010

	Notes	2010 \$000	2009 \$000
<b>Operating Loss</b>			
Interest receivable and similar income	2	-	-
Administrative expenses	2	(15)	(7)
		<hr/>	<hr/>
<b>Loss on Ordinary activities before taxation</b>		(15)	(7)
Tax on loss on ordinary activities	3	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		(15)	(7)
		<hr/>	<hr/>

There are no recognised gains or losses, other than the loss of \$15,381 attributable to the shareholders of the company for the year ended 30 November 2010



## Balance sheet

At 30 November 2010

	Notes	2010 \$000	2009 \$000
<b>Fixed assets</b>			
Investments in subsidiary undertaking	5	-	-
<b>Current assets</b>			
Debtors	6	-	-
<b>Creditors: amounts falling due within one year</b>	7	(36)	(21)
<b>Net current liabilities</b>		(36)	(21)
<b>Capital and reserves</b>			
Called up share capital	8	157,500	157,500
Profit and loss account	9	(157,536)	(157,521)
<b>Shareholders' deficit</b>	10	(36)	(21)



Director

N. CHRISHE

Date 20/6/2011

Registration Number 6324467

## Notes to the financial statements

At 30 November 2010

### 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**

Group accounts have not been prepared as the Company has taken advantage of the exemption in Section 400 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.

#### **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 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. 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 2010

### 2. Results and dividends

	2010 \$000	2009 \$000
Interest receivable from subsidiary undertaking	418	510
Provision against interest receivable from subsidiary undertaking	(418)	(510)
Administrative expenses	(15)	(7)
	<u>(15)</u>	<u>(7)</u>

The administrative expenses represent fees payable to the company's auditor for the audit of the company's annual accounts, company secretarial and associated costs

### 3. Tax on loss on ordinary activities

	2010 \$000	2009 \$000
(a) Tax on loss on ordinary activities		
UK corporation tax	-	-
Total Tax	<u>-</u>	<u>-</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 28%. The differences are reconciled below

Loss on ordinary activities before tax	<u>(15)</u>	<u>(7)</u>
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28%	(4)	(2)
Non allowable provision	117	143
Group relief claimed	(113)	(141)
Current Tax Charge for the year	<u>-</u>	<u>-</u>

### 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

## Notes to the financial statements

At 30 November 2010

### 5. Fixed asset investments

The following information as at 30 November 2010 relates to the principal subsidiaries of Lehman Brothers ODC 2, which is registered in England and Wales

	2010 \$
<i>Cost</i>	
At 1 December 2009 and 30 November 2010	1
<i>Provision</i>	
At 1 December 2009 and 30 November 2010	1
Net carrying amount 1 December 2009 and at 30 November 2010	-

<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 4 November 2010 -

	<b>Lehman Brothers ODC 3 Limited</b> \$000
Capital and Reserves	(161,851)
Loss for the year	(470)

Accounts for Lehman Brothers ODC 3 Limited have not been audited and the company entered liquidation on 5 November 2010

### 6. Debtors

	2010 \$000	2009 \$000
Amounts due from subsidiary undertaking falling due within one year	163,516	163,098
Provision against amounts due from subsidiary undertaking	(157,500)	(157,500)
Provision against interest receivable on amounts due from subsidiary undertaking	(6,016)	(5,598)
	-	-

## Notes to the financial statements

At 30 November 2010

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

	2010 \$000	2009 \$000
Amounts due to group undertaking falling due within one year	36	21
	<u>36</u>	<u>21</u>

**8. Share capital**

	2010 \$000	2009 \$000
Authorised 1,000,000,000 Ordinary shares of \$1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
	2010 \$000	2009 \$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 2009	(157,521)
Loss for the period	(15)
At 30 November 2010	<u>(157,536)</u>

## Notes to the financial statements

At 30 November 2010

### 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 2008	157,500	(157,514)	(14)
Loss for the financial year	-	(7)	(7)
At 30 November 2009	157,500	(157,521)	(21)
Loss for the financial year	-	(15)	(15)
At 30th November 2010	157,500	(157,536)	(36)

### 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 was owed a balance of \$163,516,127 (2009: \$163,098,324) by Lehman Brothers ODC 3 Limited, a subsidiary undertaking. This represented a loan issued in a prior period plus interest accrued since then. The balance has been fully provided for.

Lehman Brothers ODC 3 Limited entered liquidation on 5 November 2010.