Rule 2 47

Form 2 24B

The Insolvency Act 1986

Administrator's progress report 2.24B

Name of Company Kaupthing Singer & Friedlander Limited (in Administration)	Company number 00875947
In the High Court of Justice Chancery Division, Companies Court	Court case number 8805 of 2008

(a) Insert full name(s) and address(es) of administrator(s)

We (a) Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thomas Cairns of Ernst & Young LLP, 1 More London Place, London, SE1 2AF

administrators of the above company attach a progress report for the period

(b) Insert date

From	To
(b) 8 October 2013	(b) 7 April 2014

Signed P. Brazzill

Joint Administrator

Dated 2 May 2014

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form The contact information that you give will be visible to searchers of the public record

ML7E/PJB/AJH/LO3466/43	
Ernst & Young LLP, 1 More London Place, London, SE1 2AF	
DX Number	DX Exchange

SATURDAY

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A10 03/05/2014 #395

COMPANIES HOUSE

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ADM09F04

Kaupthing Singer & Friedlander Limited - (In Administration)

Administrators' Progress Report to creditors for the six month period from 8 October 2013 to 7 April 2014

EY

Building a better working world

Abbreviations

The following abbreviations are used in this report

Administrators	For the period covered by this report and up to 26 April 2013, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Thomas Merchant Burton all of Ernst & Young LLP From 26 April 2013, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thom Cairns all of Ernst & Young LLP
BoE	The Bank of England
CfD	Contract for difference
Edge	The Edge internet deposit facility
FCA	Financial Conduct Authority (formerly Financial Services Authority)
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
Funding	Singer & Friedlander Funding plc
HMRC	Her Majesty's Revenue & Customs
IT	Information technology
Khf	Kaupthing Bank hf
KSF	Kaupthing Singer & Friedlander Limited
KSF Group	KSF and its subsidiary companies
KSIOM	Kaupthing Singer & Friedlander (Isle of Man) Limited
LPA	Law of Property Act 1925
LTV	Loan to Value
Overriding Objectives	Certain objectives set out in the Transfer Order which overrode those in paragraph 3(1) of Schedule B1 to the Act for a period of six months from 8 October 2008
PRA	Prudential Regulation Authority
Proposals	Administrators' Statement of Proposals dated 14 November 2008 as provided to creditors pursuant to paragraph 49 of Schedule B1 to the Act
SAF	Singers Asset Finance
Scheme	Singer & Friedlander Limited Pension and Assurance Scheme
SFAM LLP	Singer & Friedlander Asset Management LLP (subsequently SFAM Limited)
SFCM	Singer & Friedlander Capital Management Limited
SFIM	Singer & Friedlander Investment Management Limited
SFIM Group	Singer & Friedlander Investment Management Limited and its subsidiaries
Shawbrook	Shawbrook Bank Limited
SIP	Statement of Insolvency Practice
SoA	Statement of Affairs
SSA	Services and Secondment Agreement
The Act	The Insolvency Act 1986 (as amended)
The Company	Kaupthing Singer & Friedlander Limited
The Group	Kaupthing Group UK Limited and its subsidiaries
The Rules	The Insolvency Rules 1986 (as amended)
Transfer Order	Kaupthing Singer & Friedlander Limited Transfer of Certain Rights and Liabilities Order 2008 (as amended)
TSA	Transitional Services Agreement

Notice: about this report

This report has been prepared by the Administrators solely to provide creditors with additional information concerning the progress of the Administration in accordance with Rule 2 47(3) of the Rules Nothing in this report should be relied upon for any purpose including, without limitation, in connection with any investment decision in relation to the debt, securities or any other financial interest of any member of the KSF Group including for the avoidance of doubt any decision to buy or sell or not to buy and sell any debt, securities or other financial interest Anyone making such investment decisions should rely on their own enquiries prior to making such decisions and none of the Administrators, Ernst & Young LLP, its partners, members, employees, professional advisers or agents accept any liability and/or assume any duty of care to any third party, (whether it is an assignee or successor of another third party or otherwise) in respect of this report

No representation or warranty, express or implied, is given by KSF, the Administrators or Ernst & Young LLP or any of their respective directors, partners, officers, affiliates, employees, advisors or agents (and any warranty expressed or implied by statute is hereby excluded) as to the accuracy or completeness of the contents of this report or any other document or information supplied, or which may be supplied at any time or any opinions or projections expressed herein or therein, nor is any such party under any obligation to update the report or correct any inaccuracies or omissions in it which may exist or become apparent In particular, for reasons of commercial sensitivity, information on certain matters has not been included in the report

No responsibility or liability is accepted for any loss or damage, howsoever arising, that you may suffer as a result of this report and any and all responsibility and liability is expressly disclaimed by KSF and Ernst & Young LLP or any of them or any of their respective directors, partners, officers, affiliates, employees, advisors or agents

The information contained in this report has been prepared by the Administrators In preparing this report, the Administrators have relied upon information from the KSF Group records Although the Administrators have no reason to doubt the accuracy of that information, they are unable to warrant or represent that it or any information provided by a third party is accurate or complete The Administrators act at all times solely as agents of KSF and without personal liability

Please note that amounts included in this report are stated in Sterling However, there are some amounts that are denominated in other currencies and, therefore, may be subject to foreign exchange movements These foreign exchange movements have been highlighted as foreign exchange gains/losses in the Receipts and Payments account

The estimated outcome described in this report is provided as an illustration only and may not represent the actual value of future dividends which may be paid to creditors A number of assumptions have been made to arrive at these figures, some of which may prove to be incorrect Any actual future dividends received by creditors will depend on a number of factors including the actual realisations of KSF and its actual liabilities Clearly, an increase or decrease in the asset realisations and/or an increase or decrease in the liabilities of KSF will impact the final outcome for creditors

Contents

1. Introduction

Background

On 8 October 2008, KSF entered into Administration and ME Mills, AR Bloom, PJ Brazzill and TM Burton (TM Burton was replaced by BT Cairns on 26 April 2013) were appointed to act as Administrators by order of the High Court in London Under the terms of the appointment, any act required or authorised to be done by the Administrators may be carried out by any one of them Further statutory and other information is shown in Appendix B of this report

This report, including its appendices, constitutes the Administrators' eleventh six monthly report on the progress of the Administration pursuant to Rule 2 47(3) of the Rules This report provides details of the work undertaken in the period 8 October 2013 to 7 April 2014 and should be read in conjunction with the Administrators' previous reports and updates and certain other formal announcements

Copies of the above documents and other announcements are available on the KSF website, www kaupthingsingers co uk

Summary of the Administration objectives

The objective of the Administration is to realise KSF's business and assets in a manner which will result in a more advantageous realisation for KSF creditors as a whole than would be achieved on a winding up (a formal liquidation, as defined in the Act), without first being in Administration Additionally, for the first six months of the Administration, the Administrators were directed by the Transfer Order to achieve the Overriding Objectives of

- Ensuring that KSF provides, and manages the affairs, business and property of KSF to enable it to provide, the services and facilities reasonably required by ING to discharge its obligations in respect of the rights and liabilities under the second transfer (as defined in the Transfer Order)
- Ensuring that KSF performs the other obligations imposed on it by or under the Transfer Order

As previously reported, the above Overriding Objectives have been completed

The key focus of the administration continues to be recovering the outstanding loans from the banking loan book

Creditors' Committee

The Administrators and their staff continue to meet regularly with the Creditors' Committee to provide them with our reports on the progress of the administration and to consult with them on any major matters, by way of actual meetings or via conference calls These and other Committee matters are dealt with separately in the body of this report

Permission to make distributions and extension to the Administration

The Administrators have applied to, and received permission of, the Court to make distributions to unsecured creditors pursuant to Paragraph 65(3) of Schedule B1 to the Act

They have also applied for, and the Court has ordered, two extensions to the administration, with the current extension expiring on 7 October 2015

Future reporting

The Administrators' next formal report to creditors will be in approximately six months' time covering progress in the period to 7 October 2014

2. Summary of key developments

Progress in the period

The body of the report below details the major areas of progress since 8 October 2013, the areas of particular significance being

- Banking loan book recoveries of £81m, increasing total loan recoveries to £2,131m as at 7 April 2014,
- Payment of the eleventh dividend to unsecured creditors on 18 December 2013 at a rate of 2 5p in the £, and
- A second settlement agreement with Khf entered into in November 2013 in respect of the claim for amounts due to KSF in respect of sub-participation agreements, increasing KSF's total agreed unsecured claim by £94 1m in the Khf winding-up proceedings, to a total claim value of £396 3m

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2014 are set out in Appendix A, being the Administrators' Receipts and Payments account

Dividends to creditors

On 18 December 2013, the Administrators paid an eleventh dividend being 2 5p in the £ at an initial cost of £102,465,518 to agreed non-preferential creditors

The estimated range for total dividends to non-preferential creditors remains at 85p-86 5p in the £

Future dividends will be paid subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so

The historical and estimated future distribution timetable is set out below

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	8 October 2011	5p in £
Eighth dividend	2 May 2012	10p in £
Ninth dividend	31 October 2012	3p in £
Tenth dividend	6 June 2013	3p in £
Eleventh dividend	18 December 2013	2 5p in £
Total paid to date		**81 5p in £**
Twelfth dividend	Q3 / Q4 2014	Quantum to be determined

3. Update on conduct of the Administration

Banking loan book

KSF loan books

The KSF loan book is divided into three distinct portfolios corporate, property and private banking The SoA value (these are book values and not estimated to realise values) of each loan book and collections to date are set out in the table below

(£'m)	SoA as at 8 October 2008	Actual capital cash collections to 7 April 2014	Actual total cash collections to 7 April 2014
Corporate	631	664	721
Property	864	525	556
Private Banking	1,115	796	854
Sub participations – KSIOM	167	-	-
Sub participations – Khf	190	-	-
Total	**2,967**	**1,985**	**2,131**

Notes.

1. *Cash collections are converted into sterling as at transaction date exchange rates*
2. *Corporate banking receipts exclude cash received from warrant cancellations and swap settlements of c £26m*
3. *Property banking receipts exclude swap settlements of c £1m*
4. *Differences between the loan book receipts as per the Receipts and Payments accounts to 7 April 2014 (Appendix A) and the above table are explained below*

Loan book recoveries to 7 April 2014 total £2,131m, consisting of £1,985m capital repayments, £132m interest repayments and £14m in fees The analysis of loan book recoveries presented in this section differs from the cash receipts presented in the Receipts and Payments section of the report The analysis in this section translates all foreign currency receipts into sterling ("GBP") at transaction date exchange rates, whereas the receipts and payments table translates USD and EUR balances into GBP as at the receipts and payment reporting date The receipts and payments account also includes amounts received in respect of swap settlements and warrant cancellations, which are not presented above

The Administrators continue to focus on maximising recoveries from the KSF loan book, accelerating receipts from borrowers wherever possible in order to enhance realisations for creditors within reasonable timescales

At the previous reporting date of 7 October 2013, the entity owned and operated by former KSF banking staff, SFAM LLP, managed the loan book recovery process under the supervision of the Administrators This arrangement was governed under the first SSA with KSF, which expired on 31 December 2013 Subsequent SSA agreements were negotiated to ensure that the loan book recovery management arrangement with SFAM LLP was extended to 31 December 2014

The Administrators were approached in March 2014 by SFAM LLP, who wished to conduct their operations through a new limited company, SFAM Limited Shortly after this, all assets and employees of SFAM LLP were transferred to SFAM Limited, and contracts between SFAM LLP and KSF with continuing obligations were novated We do not envisage that this development will have any impact on the conduct of the Administration All decisions relating to the loan book continue to be presented twice weekly to the Administrators and their team for approval at Credit Committee meetings, and SFAM Limited will continue to manage any day-to-day matters relating to the loan book in the same manner as previously performed by SFAM LLP

The Administrators continue to follow the strategies determined for the recovery of each exposure at the start of the Administration However, individual loan exposures are regularly reviewed at Credit Committee meetings in the context of any recent developments or newly available information Loan book strategies are then revised to seek to ensure the maximum recovery is realised for creditors

The Administrators continue to authorise further drawdown payments to customers if it is believed that this will preserve or enhance KSF loan book recoveries To date, drawdown payments total £50m, of which £46m has been recovered though capital repayments on the associated loans This, therefore, provides a current net drawdown position of £4m Where permitted by facility agreements with the borrowers, KSF continues to charge interest at an appropriate commercial rate on any drawdown payments made to customers

Provisions for unrecoverable amounts in the loan book continue to be reviewed quarterly on a loan by loan basis or on an ad-hoc basis in light of any new developments Write-offs during the period totalled £14m, bringing total write-offs of the loan book in the Administration to date to £671m For the avoidance of doubt, write-offs are stated as against gross values of the relevant loans and not as write-offs against the book values as shown in the SoA All loan book write-offs are dependent on approval by the Administrators' at the weekly Credit Committee meetings

Information on estimated future recoveries is monitored by the SFAM Limited secondees, the Administrators and their staff on a loan-by-loan basis The Administrators are not able to provide detailed further information with respect to estimated future recoveries due to the commercial sensitivity of the data

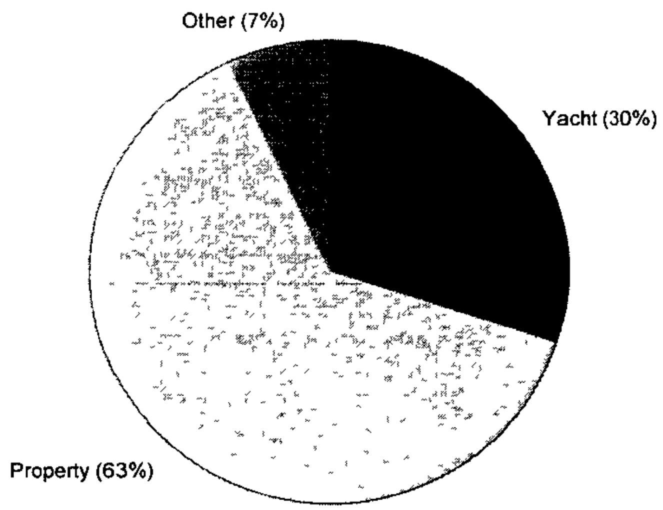
Private Banking

Actual cash collected (£'m)	8 October 2008 to 7 October 2013	6 months from 8 October 2013 to 7 April 2014	8 October 2008 to 7 April 2014
Capital	763	33	796
Interest	55	1	56
Fees	2	-	2
Total	**820**	**34**	**854**

***Note** where total interest and fees received are less than £1m, these have been shown as zero in the above table*

The chart below sets out the mix by segment of the Private Banking loan book by the value of amounts outstanding as at 7 April 2014 (due from 13 borrowers)

Mix by segment as at 7 April 2014



Note 'Other' includes securities backed loans, unsecured loans and cash backed loans

The private banking book consists of three segments being property, yachts and "other" As creditors will be aware from our previous progress report, the private banking portfolio had one large outstanding yacht position During this reporting period, continued efforts to refinance this loan were successful and the subsequent repayment of the majority of this loan position has significantly altered the mix of the remaining portfolio Yachts have reduced from 72% of the outstanding value of private banking loans as at 7 October 2013, to c 30% as at 7 April 2014

The property segment largely consists of mortgages provided to high net worth individuals Given the current economic climate and a continued limited number of lenders in the market, KSF has found securing refinancing for remaining loans to be a challenging task Although KSF has managed to reduce the total number of regulated mortgages held during this reporting period, regulatory provisions require that KSF must grant forbearance to those particular remaining mortgage holders KSF has enforced security over property where loans have expired and the Administrators consider this will maximise value for creditors

KSF has now exited over 95% of its private banking portfolio loan relationships and the Administrators continue to work with remaining borrowers in order to encourage refinancing on or before maturity of loans, achieve a consensual sale of property over which KSF has a legal charge upon loan expiry, or to enforce security where this has not proven possible

As previously reported, KSF had sub-participations in a number of private banking loans advanced by KSFIOM The loans represented a claim against KSFIOM which was subject to mandatory set-off against the claim submitted in the Administration by KSFIOM

Corporate loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2013	6 months from 8 October 2013 to 7 April 2014	8 October 2008 to 7 April 2014
Capital	638	26	664
Interest	49	-	49
Fees	8	-	8
Total	**695**	**26**	**721**

***Note** where total interest and fees received are less than £1m, these have been shown as zero in the above table*

During this reporting period, KSF has managed to exit all but one of the corporate loans within the loan book portfolio The corporate loan book now consists of one bilateral loan position, whereby KSF shares an exposure with a UK bank As the facility is yet to mature and the borrower remains covenant compliant, the Administrators' current strategy is to continue to explore all viable exit routes and seek early repayment if possible

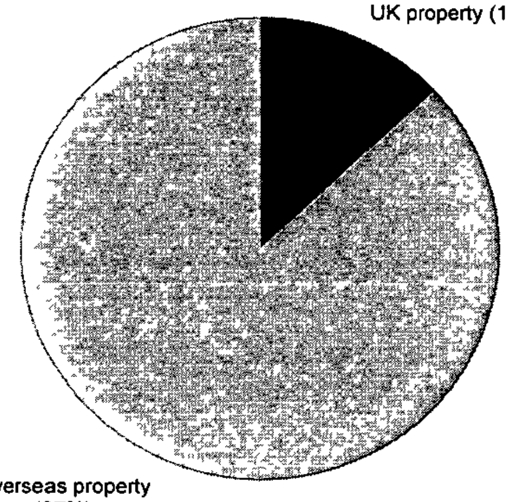
As previously reported, KSF had sub-participation positions in corporate loans advanced by Khf These sub-participations were 'silent' in that Khf was the lender of record and, therefore, they form part of the KSF claim submitted to the Winding-up Committee of Khf Further information in respect of the Khf claim can be found in the body of this report

Property loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2013	6 months from 8 October 2013 to 7 April 2014	8 October 2008 to 7 April 2014
Capital	504	21	525
Interest	27	-	27
Fees	4	-	4
Total	**535**	**21**	**556**

The chart below sets out the mix by segment of the Property loan book by the value of amounts outstanding as at 7 April 2014 (due from 21 borrowers)

Mix by segment as at 7 April 2014



KSF has now exited over 90% of the property loan book accounts since the date of Administration Following the closure of many of these loan accounts, the Administrators combined the previous 'Property Partnerships' and 'Property Finance' categories into 'UK' and 'Overseas Property' segments As demonstrated by the chart above, c 87% of the value of the remaining property portfolio lies overseas, and those of the largest value reside in the Caribbean and France

KSF continues to explore possible exit routes for these loan positions but this continues to prove difficult within current market conditions A lack of available credit has resulted in difficulty securing refinancing or sale of these properties despite continued efforts with marketing A small number of the properties are also currently the subject of litigation processes in overseas jurisdictions, which has delayed the progress able to be made with exit of these loan positions

In order to preserve value within the property portfolio, the Administrators continue to work with co-operative borrowers in order to encourage refinancing or sale of property However, where borrowers are uncooperative or have breached the terms of their loan facility, KSF property security is enforced by LPA or fixed charge receivers, or Administrators, to realise the maximum return for creditors In some circumstances, and where economically viable to do so, KSF have pursued guarantors to recover shortfalls in repayment by the borrowers This has included, where appropriate, the appointment of Trustees in bankruptcy to recover the value of personal guarantees

KSF continues to authorise further drawdown payments to borrowers in circumstances where the Administrators believe that further funding will help preserve or enhance the value of the property upon which KSF has security

There are a small number of UK commercial facilities outstanding within the property loan book, many of which have balances outstanding that are in excess of the market value of KSF's security We continue to seek consensual restructurings where feasible, with a view to enhancing the value of KSF's security

In addition, for a small number of properties where steps have been taken to realise KSF security, it has come to light that valuations provided at the time that the loan facilities were granted may have significantly overvalued the underlying property Therefore, claims are being pursued for losses incurred by KSF for lending decisions made on the basis of these valuations

Kaupthing Bank hf

As reported in an announcement on the KSF website dated 6 December 2013, the Administrators entered into a second settlement agreement with Khf in November 2013 in respect of the claim for amounts due to KSF in respect of sub-participation agreements

The settlement agreement results in an increase in KSF's total agreed unsecured claim in the Khf winding-up proceedings of £94 1m, to £396 3m In additional, you will recall that KSF also has an agreed £10m claim in relation to Khf bonds beneficially owned by KSF but held through Deutsche Bank Trust Company Americas

Only one component of the KSF claim remains unresolved, with a gross value of £36 8m This has previously been separated from the original claim and registered under a separate reference by Khf The Administrators of KSF will work with the Khf Winding-up Committee to settle this component of the KSF claim, but this is subject to the outcome of ongoing Icelandic and UK legal proceedings with a third party Accordingly, the Administrators are unable to provide any indication of the timing of resolution of this aspect of KSF's claim

As previously reported, the only contentious matter which remains outstanding as between Khf and KSF relates to proceedings in the District Court of Reykjavik in relation to the proposed rescission of the repurchase of two bonds by Khf in May 2008 The claim is proceeding to a full hearing before the Court, but we understand that the matter is unlikely to be heard by the Court before Q4 2014 at the earliest If successful in the rescission proceedings, the Winding-up Committee consider that Khf will be entitled to set-off the debt (c €9m plus interest) against KSF's agreed claims in the Winding-up, a point which is contested in KSF's defence

The Administrators have continued to attend creditors' meetings convened by the Khf Winding-up Committee, and note that there has been no further update on the proposed launch of a composition proposal to creditors, which we understand has been delayed pending approval by the Central Bank of Iceland The Administrators would expect that the composition proposal will provide an indication of the likely timing and level of return to creditors, but we are unable to provide any indication of the timing of the release of the composition proposals pending any update from the Khf Winding-up Committee

The Administrators will continue to attend all creditors' meetings convened by the Winding-up Committee to ensure that they are able to take any appropriate action in relation to the claims submitted by KSF

Further information in relation to the Khf Winding-up proceedings, including copies of the announcements and progress reports issued to creditors, are available on the Khf website (www kaupthing com), and provide greater detail in respect of all matters relating to the Khf estate

4. Creditor update

Non-preferential creditors

The Administrators are required to issue a notice of their intention to declare a dividend to unsecured creditors prior to the payment thereof Accordingly, prior to each dividend, all known creditors are advised of the requirement to formally register their claims, to the extent that they have not already done so, by completing an Insolvency Claim Form in accordance with Rule 2 72 of the Rules

The Administrators have received a total of 1,019 claims as at 7 April 2014, with a gross value of c £5 5bn, of which 482 claims (c £0 6bn) were received from non-Edge depositors The remaining 537 claims (c £4 9bn) arise from all other aspects of KSF's business including repurchase and derivative counterparties, CfD clients, landlords, trade creditors, employees, employee taxes, pension scheme, associated companies and the FSCS in relation to Edge accounts The claims of these creditors rank equally as non-preferential claims

As at 7 April 2014, claims to the value of c £4 1bn have been admitted to rank for dividend and c £1 4bn have been rejected, with the current estimated maximum claims not expected to exceed c £4 1bn

In the period, two new claims with a total value of c £0 25m were received In addition to new claims, the Administrators have been contacted by creditors advising that they have assigned their debts to third parties Whilst these assignments do not have an impact on the overall value of claims admitted for dividend, they do require adjustment to the Administrators' records in relation to the assigned claims, and have increased the number of admitted claims, where some claims have been divided amongst two or more purchasers

The Administrators continue to be proactive in progressing new claims as they are received and outstanding claims Accordingly, as at the date of this report, only one non-agreed claim remains with a gross value of c £0 2m

At the time of paying each dividend, the Administrators are required to make provision for the dividend entitlements payable in respect of those claims which were disputed or not agreed in whole or part at the date of the dividend Accordingly, as and when these claims are resolved, funds reserved at prior dividends are used to settle any dividend entitlements attributable to the finalised claims, and any surplus funds reserved against such claims released back to the estate

Dividends to non-preferential creditors

As you will be aware, on 1 October 2013, the Administrators issued a notice of their intention to declare an eleventh dividend to unsecured creditors Subsequently, on 18 December 2013, the Administrators declared and paid the eleventh dividend of 2 5p in the £ to creditors whose claims had been admitted to rank for dividend The initial cost of the eleventh dividend to the estate was £102,465,518, being 2 5p in the £ on claims of £4,098,620,724 At the time of paying the eleventh dividend, no provision was made in respect of unagreed claims in the administration as there were none at the date of the dividend

Future dividends will be made subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so As previously reported, the Administrators have agreed with the Creditors' Committee that, for the time being, the minimum dividend payable will be 0 5p in the £ and, if greater, will be paid at minimum increments of 0 5p in the £, which equates to the distribution of funds in the amount of c £20m The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports

Creditors should note that as the majority of the assets, other than the outstanding loan book and the claim against Khf, have been collected, the level of future dividend payments will be dependent on the timing and quantum of ongoing loan book recoveries and distributions from Khf

Estimated outcome for creditors

The Administrators are not in a position to provide confirmation of the exact timing or quantum of the twelfth or any other future dividends at this time However, the historical distribution timetable is set out below

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	5 October 2011	5p in £
Eight dividend	2 May 2012	10p in £
Ninth dividend	31 October 2012	3p in £
Tenth dividend	6 June 2013	3p in £
Eleventh dividend	18 December 2013	2 5p in £
Total paid to date		81 5p in £
Twelfth dividend	Q3 / Q4 2014	Quantum to be determined

On the basis of current forecast recoveries from the banking book, prudent estimates of realisations from other assets, maximum estimates of unsecured claims and current market conditions not deteriorating, the Administrators currently estimate that total dividends to non-preferential creditors remain in the range of 85p-86 5p in the £ The Administrators would stress that this estimate could be lower or higher as there are significant issues which may impact either future realisations or the level of claims from creditors, and thus the estimate is indicative and cannot be relied upon

Non-Edge deposit book

As previously reported, the Administrators and the FSCS continue to work closely in accordance with the agreed framework and timetable for the provision of information in respect of payments made by the FSCS to non-Edge depositors prior to payment of each dividend Whilst the FSCS have processed almost all of the compensation claims they have received, this process remains essential to ensure that depositors do not receive compensation from the FSCS as well as a dividend from the Administration

5. Other matters

Receipts and Payments account

The Administrators' Receipts and Payments account for the period 8 October 2008 to 7 April 2014 is attached at Appendix A, which also includes a summary of the receipts and payments for the six month period of this report All receipts and payments are shown inclusive of VAT, where applicable

As detailed in the notes to the Receipts & Payments account, foreign currency transactions occurring in currencies other than Euro and US Dollar are converted into Sterling using the exchange rate as at the relevant date of each transaction With regard to Euro and US Dollar, these currency transactions are converted into Sterling using the exchange rate as at 7 April 2014

The funds in the Administrators' control are held across a number of clearing banks in order to mitigate risk Some monies are invested in low risk, short term money markets in order to achieve a greater rate of return than if left in a standard business current account

The Administrators' Receipts and Payments account is a statement of cash received and cash paid out and does not reflect estimated future realisations or costs

Statement of Affairs

As previously reported, in view of the redaction of the Directors' SoA we have not reflected the Directors' Estimated to Realise valuations as required under SIP7 in the Receipts and Payments account attached at Appendix A

Creditors' Committee

The Administrators continue to report on a regular basis to the Creditors' Committee on matters of importance in relation to KSF

The Committee continues to expend significant time in attending the formal meetings and providing their opinions by way of consultation on major issues and again we wish to express our thanks for this assistance and the considerable time they have committed to date

The membership of the Committee during this reporting period was constituted as follows

1 Cats Protection,

2 Financial Services Compensation Scheme Limited,

3 Peterborough City Council,

4 The Trustees of The Singer & Friedlander Limited Pension and Assurance Scheme, and

5 Kaupthing Singer & Friedlander (Isle of Man) Limited (In Liquidation)

Subsidiary companies

Singer Asset Finance subsidiaries (Asset Finance)

The Creditors will be aware that monies were held in two escrow accounts following the sale of the Asset Finance division to Shawbrook Bank Limited ("Shawbrook") in March 2012 The release of the monies was subject to the resolution of two specific tax issues

In October 2013, following a period of negotiations with Shawbrook, a payment of £14 75m from the first escrow account (which held £15 3m), was received The balance of this escrow account is anticipated to be received in early 2015 The outcome of the second tax issue, on which £3m is held in an escrow account, will not be known until Q1 2015 at the earliest

Singer & Friedlander Investment Management Group

As previously reported, both SFIM and SFCM were placed into solvent liquidation on 24 September 2013 The joint liquidators of SFIM received a claim from a potential creditor which they are in the process of adjudicating They are also in the process of finalising the tax affairs for both companies and obtaining clearances before making a distribution to the shareholders and closing the liquidations It is anticipated that the liquidations will be completed in the next six months

Singer & Friedlander Funding plc (In Creditors' Voluntary Liquidation)

As you will be aware from previous reports, the liquidation of Funding was held open pending submission of final corporation tax returns and the subsequent receipt of formal tax clearance for Funding from HM Revenue & Customs

The Liquidators of Funding filed final corporation tax returns in December 2013 and subsequently received formal clearance to conclude the liquidation Accordingly, the Liquidators paid a final dividend of £0 5m to KSF as the sole remaining creditor in the liquidation

Final meetings of Funding's members and creditors have been convened for 12 May 2014 and Funding will be dissolved approximately 3 months thereafter

Other subsidiary companies

All subsidiary companies in the KSF group are either in members' voluntary liquidation, in a form of insolvency process or have been sold or struck off the company register

A summary of the direct/indirect subsidiaries which have been placed into solvent liquidation or dissolved via strike off procedure is set out in the table below

Members' voluntary liquidation	Date of appointment	Date struck off the register
Singer & Friedlander Investment Management Holdings Limited	31 March 2009	7 June 2011
KB Retail Advisory Limited	16 June 2009	27 December 2010
Sinjul Investments Limited	16 June 2009	
Wintrust Securities Limited	16 June 2009	27 December 2010
Kaupthing Limited	02 July 2009	
Peaston Emerson's Green Limited	11 November 2009	27 December 2010
Singer & Friedlander Trade Finance Limited	21 April 2010	25 October 2011
Clarke London Limited	29 March 2011	6 December 2011
Singer & Friedlander Asset Management Limited	24 June 2011	27 September 2012
Singer & Friedlander Investment Management Limited	24 September 2013	
Singer & Friedlander Capital Management Limited	24 September 2013	
Strike off	**Date struck off the register**	
Singer & Friedlander Secretaries Limited	21 July 2009	
Kaupthing Steadfast Limited	21 July 2009	
Cheapside Nominees Limited	27 August 2013	
Private Nominees Limited	27 August 2013	

The Liquidators of Sinjul Investments Limited and Kaupthing Limited are taking steps to bring their affairs to a conclusion and anticipate being in a position to conclude the liquidations in the next six months

Attached at Appendix C is a summary of the current KSF Group corporate structure

Operational matters

Information Technology matters

The Administrators, with the assistance of the IT and operations team seconded from SFAM Limited, review KSF's IT costs as an ongoing process Subject to ongoing business needs, costs are reduced wherever possible

KSF is required to retain data as part of legal and regulatory requirements A long-term data retention environment has been specified and built, with non-mandatory applications and functions wound down to leave a core of key applications that allow the loan book to continue to be managed, which will allow data to be retained indefinitely Operating and support procedures for this core system have been documented and tested for effectiveness and accuracy

The next stage will involve the decision where to host the core system in the long term, and how to sustain it A number of solutions have been proposed and the costs and benefits of these will be estimated and compared to determine the most appropriate and cost-effective solution

Services and Secondment Agreements and establishment of SFAM Limited

As previously reported, KSF entered into a second SSA on 10 April 2013 with SFAM LLP in relation to the back office functions of KSF Pursuant to the terms of this agreement, all remaining KSF staff were transferred to SFAM LLP on 10 April 2013 and were seconded to KSF In March 2014, SFAM LLP approached the Administrators with a proposal to conduct their operations through a new limited company, SFAM Limited Shortly after this, all assets and employees of SFAM LLP were transferred to SFAM Limited, and contracts between SFAM LLP and KSF with continuing obligations were novated SFAM Limited continues to manage any day-to-day matters relating to the loan book, under the supervision of the Administrators, in the same manner as previously performed by SFAM LLP

As per our previous progress report, as a result of the SSA agreements, the KSF employee headcount is reduced to nil All salary costs are now the responsibility of SFAM Limited but certain annual incentive and retention payments agreed between the Company and KSF staff prior to the SSA remained as liabilities of KSF Such payments were made during the period of this report

These arrangements agreed with SFAM Limited should result in reduced operating costs and, therefore, enhanced realisations to unsecured creditors

Regulatory and Compliance

During the period there has continued to be frequent engagement with the PRA, FCA and other regulatory authorities on a variety of issues Dialogue has progressed with both the PRA and the FCA to deregister, or reduce as appropriate, the number and scope of regulatory permissions held by KSF This should enhance efficiencies, reduce reporting requirements and prevent any excess or unnecessary burdens in relation to regulatory fees

The PRA issued a written notice on 19 February 2014 to confirm the removal of deposit taking permission for KSF This has resulted in a reduced reporting requirement to the regulators and has also removed the requirement for KSF to employ a dedicated Compliance Officer and Money Laundering Reporting Officer

KSF still holds a select number of regulated mortgages within its remaining loan portfolio Once these loan relationships are exited or closed, KSF will apply to remove its remaining regulatory permissions to further reduce reporting requirements

The SFAM Limited secondees and the Administrators regularly review day-to-day activities to identify any regulatory risks and ensure related controls, policies and procedures are applied as required

Legal issues

Funds paid to Khf in error prior to KSF's Administration

As previously reported, KSF issued proceedings against a derivative counterparty in relation to funds in the amount of $65m which were paid to Khf in error shortly prior to KSF's administration Formal disclosure in the proceedings took place in late July 2013 with supplementary disclosure ongoing throughout the period to April 2014 Witness evidence was exchanged by both parties on 22 April 2014 in advance of a hearing of the matter before the Court due to take place in June 2014

The Administrators understand that if the Court were to determine that KSF has no claim against the derivative counterparty, the Khf Winding-up Committee will accept the $65m claim submitted by KSF in the Khf winding-up proceedings

Third party requests for disclosure

In the last two months, the Administrators have received three separate requests for disclosure in relation to legal proceedings between third parties who were either clients of KSF or other entities within the wider Khf group and, therefore, consider that there may be documents within KSF's records which are relevant to the proceedings

KSF can be compelled by the Court to comply with disclosure requests through an order for third party disclosure Accordingly, where possible, the Administrators are taking steps to reach consensual agreement with the third parties in relation to the appropriate level of disclosure for the relevant proceedings and seek to obtain reimbursement for the reasonable costs of conducting the disclosure

Administrators' remuneration and disbursements

Creditors are reminded that following the Initial Meeting of Creditors, at which a Creditors' Committee was established, the Creditors' Committee resolved that the Administrators' remuneration be fixed on a time-cost basis The Creditors' Committee additionally agreed that the Administrators be allowed to draw 80% of their time costs (plus VAT and expenses) on a rolling monthly basis with the remaining 20% being subject to approval at future Creditors' Committee meetings or by separate fee Resolution

As part of the ongoing fee approval process, the Committee members receive a comprehensive analysis of the Administrators' costs including time costs by activity and grade together with a detailed fee narrative by each individual work stream

The Administrators' total hours and time costs relating to the eleven six-month periods since the date of appointment are analysed in the table below

Period to	Total time costs (£)	Total hours	Avg hourly rate (£)
7 April 2009	17,941,057	48,746	368
7 October 2009	8,403,547	25,920	324
7 April 2010	6,608,869	18,409	359
7 October 2010	5,676,906	15,137	375
7 April 2011	4,692,167	12,232	384
7 October 2011	4,032,063	9,545	422
7 April 2012	3,941,098	9,223	427
7 October 2012	3,431,717	8,420	408
7 April 2013	2,783,280	6,540	426
7 October 2013	2,967,288	6,733	441
7 April 2014	1,758,862	4,615	381
Total	62,236,854	165,520	376

An analysis of the time spent for both the period of this report, and from 8 October 2008 to 7 April 2014, as required by the Association of Business Recovery Professionals' ("R3") Statement of Insolvency Practice No 9 ("SIP9"), are attached as Appendix D As previously reported, the above time costs are inclusive of the Administrators' time costs recovered from ING in the amount of £3 5m pursuant to the transfer of the Edge depositors' accounts

To date, disbursements of £0 4m plus VAT (inclusive of Category 2 disbursements) have been incurred, of which c £18k plus VAT were incurred in the period Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs

Appendix A Receipts and payments account for the period 8 October 2008 to 7 April 2014

Receipts and payments (all currencies are presented in Sterling and amounts are inclusive of VAT where applicable)

	Receipts & Payments for the period 8 October 2008 to 7 October 2013	Presentational foreign exchange movements on historical Receipts & Payments	Receipts & Payments in six months to 7 April 2014	Total	
	£'000 [1]	£'000 [2]	£ 000 [3]	£'000	Notes
Receipts					
Cash taken over	418,729	(2,477)	-	416,252	5
Property loans	534,220	(2,331)	20,576	552,465	6
Private banking	811,496	(6,952)	33,544	838,088	7
Corporate loans	714,555	(4,558)	26,313	736,310	8
Asset Finance	581,062	-	1	581,063	9
Realisations from Transitional Service Agreements	14,492	-	-	14,492	10
Tax	20,881	-	297	21,178	11
Rental income	5,779	-	-	5,779	
Share realisations and dividends	418,994	(1,119)	15	417,890	12
Financial instrument receipts	300,372	(1,024)	-	299,348	13
Inter-account cross currency receipts	758,469	-	46,269	804,738	14
Other realisations and interest	74,694	(67)	136	74,763	15
Total receipts	4,653,743	(18,528)	127,151	4,762,366	
Payments					
Supplier payments	23,487	(23)	124	23,588	16
Staff wages and related expenses	83,536	(1)	1,925	85,460	17
Drawdown payments	47,061	(368)	2,627	49,320	18
Legal and other professional fees	40,777	(2)	7,520	48,295	19
Transaction costs relating to SAF sale	10,588	-	-	10,588	
Insurance	982	-	1	983	
Administrators' fees	69,618	-	2,143	71,761	20
Administrators' disbursements	473	-	12	485	
Rent, rates and utilities	24,424	-	(63)	24,361	21
Tax	496	-	-	496	
Financial instrument settlements	5,622	-	-	5,622	22
Inter-account cross currency payments	747,323	(18,077)	45,509	774,755	14
Cheques and direct debits released post admin	1,204	-	-	1,204	23
Bank charges and interest	424	(4)	8	428	
Distributions		-	-		
Distribution to preferential creditors	305	-	-	305	
Distribution to unsecured creditors	3,541,349	-	102,033	3,643,382	24
Total payments	4,597,669	(18,475)	161,839	4,741,033	
Foreign exchange gain/(loss)	150	-	-	150	4
Closing balance	56,224	(53)	(34,688)	21,483	25

Notes:

1. *Receipt and Payments as per our progress report to 7 October 2013 are stated gross of presentational foreign exchange differences*
2. *Presentational foreign exchange differences show the effect of movement in Euro and US Dollar exchange rates within the period of 8 October 2013 to 7 April 2014 on all historical Euro and US Dollar receipts and payments reported to 7 October 2013 It should be noted that there is a £54k net negative impact on the closing cash balance previously reported*
3. *Receipts and Payments within the six months to April 2014 show all receipts and payments made within the period 8 October 2013 to 7 April 2014 Transactions occurred throughout the period at the exchange rates on the relevant date of transaction This column translates all Receipts and Payments into Pound Sterling as at the period end exchange rate date of 7 April 2014 Therefore this column will include foreign exchange differences on Euro and US Dollar receipts and payments within the period*
4. *Foreign currency transactions occurring in AUD, CAD, HKD, JPY, NOK and NZD are converted into Sterling using the exchange rate as at the relevant date of each transaction The 'Foreign exchange gain/loss' line shows the effect of changes in exchange rate when physically transferring funds from these foreign currency accounts into Sterling accounts*
5. *Cash taken over represents monies belonging to KSF and previously held by certain third party banks These funds are now under KSF's control*
6. *A combination of capital repayments, interest and fee payments from the Property loan book*
7. *A combination of capital repayments, interest and fee payments from the Private Banking loan book*
8. *A combination of capital repayments, interest and fee payments from the Corporate loan book as well as cash received from warrant cancellation and Swap settlements*
9. *A combination of capital repayments and interest payments from the Asset Finance subsidiaries*
10. *This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SAF and Edge)*
11. *This amount relates to money received post administration in respect of tax bills paid in July and August 2008 on behalf of various Asset Finance subsidiaries and subsequent tax refunds received*
12. *This represents receipts from the sale of shares and receipt of dividends*
13. *This is the product of closed Financial Instrument positions including ISDA valuation settlements, Bond maturities and Coupons, Repurchase Agreements and Equity Swaps*
14. *The movement in inter-account cross currency receipts & payments can be mainly attributed to the transfer of funds held in the foreign currency bank accounts to the Sterling account to facilitate distributions to creditors*
15. *This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of chattel assets and fee refunds*
16. *Supplier payments in relation to ongoing costs including expenditure on IT*
17. *This represents payments for staff wages and related expenses The amount paid to 7 April 2014 is higher than that previously reported due to annual incentive and retention payments to SFAM LLP (now SFAM Limited) secondees*
18. *These payments are drawdowns provided to existing customers across the loan books in respect of loans which have open facilities funded by KSF where the Administrators have assessed that the further drawings will enhance realisations or reduce potential claims*
19. *Legal and other professional fees relate to legal advice obtained, court proceedings and litigation conducted in connection with various issues across the Administration Professional fees paid to SFAM LLP are also included in this line*
20. *Administrators' fees relate to amounts actually billed during the current period and therefore differ from the amounts incurred in the period as per the SIP9 in Appendix D*
21. *Rent, rates and utilities shows as a negative payment due to continuing rates refund receipts*
22. *These figures represent treasury derivatives close out agreements between KSF and two counterparties involving FX, Interest rate and Equity Swaps*
23. *These payments were released immediately after appointment and before any stop could be placed on them*
24. *The amount distributed to unsecured creditors increased by c £102 0m in the current period This was largely due to the payment of the eleventh dividend on 18 December 2013, being 2 5p in £ on agreed unsecured claims The amount shown in the receipts and payments schedule differs from the c £102 5m detailed within the body of this report due to uncleared payments to a small number of creditors*
25. *The closing balance represents total receipts less total payments, including all foreign exchange movements for the period from 8 October 2008 to 7 April 2014*

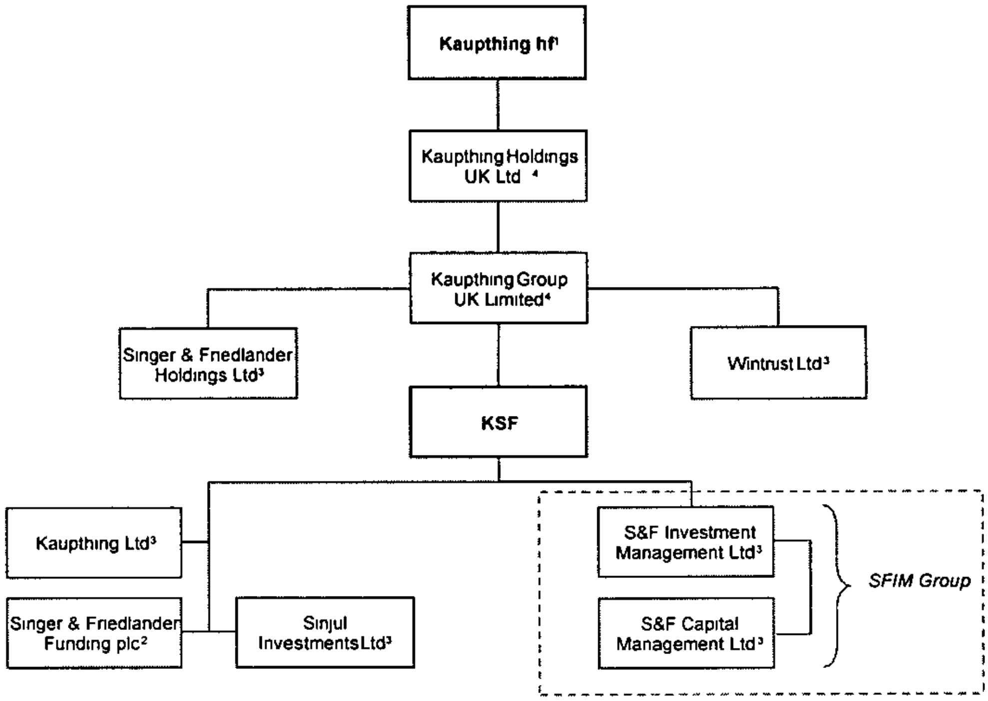
Appendix B Statutory and other information as at 7 April 2014

Company Information	
Registered number	00875947
Company name	Kaupthing Singer & Friedlander Limited
Current trading address/ registered office address	21 New Street London EC2M 4HR
Former trading address	One Hanover Street London W1S 1AX
Previous names	Singer & Friedlander Limited until 22 August 2006

Details of the Administrators and of their appointment	
Administrators	ME Mills, AR Bloom, PJ Brazzill and BT Cairns of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment	8 October 2008 (ME Mills, AR Bloom and PJ Brazzill) 26 April 2013 (BT Cairns)
By whom appointed	The appointment of ME Mills, AR Bloom and PJ Brazzill was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Financial Services Authority The appointment of BT Cairns was made by the High Court of Justice, Chancery Division, Companies Court on the application of the continuing Joint Administrators following the resignation of TM Burton
Court reference	High Court of Justice, Chancery Division, Companies Court – case 8805 of 2008
Division of the Administrators' responsibility	Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally
Period of Administration	Extended by Court consent to 7 October 2015
Prescribed Part	The Administrators have established that there are no valid fixed or floating charges registered against KSF In the absence of floating charge, there are no monies required to be set aside to creditors under s176A of the Act being under 'Prescribed Part' formula

Statement Concerning the EC Regulation	
EC Regulation Statement	In accordance with the Credit Institutions (Reorganisation and Winding Up) Regulations 2004, the EC Council Regulation on Insolvency Proceedings does not apply to this Administration Under these Regulations the Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Economic Area member State

Appendix C Kaupthing Singer & Friedlander – group structure



Notes:

1 Entity is in winding up proceedings under Icelandic law
2 Entity is in creditors' voluntary liquidation
3 Entity is in members' voluntary liquidation
4 Entity is outside the jurisdiction of the Administrators of KSF

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 April 2014

Breakdown of hours charged by grade

Classification of work by function	Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg hourly rate (£)
Accounting and admin	1,439 4	5,605 2	11,205 0	15,718 1	33,967 7	9,051,144	266
Asset Finance	1,143 3	1,550 7	181 6	31 5	2,907 1	1,564,960	538
Bank and statutory reporting	744 1	2,311 7	2,043 0	731 5	5,830 3	2,283,635	392
Banking book	4,616 1	12,903 2	13,887 4	6,339 3	37,746 0	14,314,728	379
Creditors	884 3	3,568 8	4,620 3	3,052 9	12,126 3	3,963,755	327
Debtors	69 5	76 5	30 5	139 1	315 6	114,883	364
Edge decommissioning	19 0	522 8	299 5	11 0	852 3	301,342	354
Edge retail accounts	1,636 5	4,243 0	4,222 7	1,710 6	11,812 8	4,311,844	365
Edge retail migration	249 0	1,264 8	32 5	0 0	1,546 3	765,478	495
Employee matters	1,130 3	889 8	703 7	274 7	2,998 5	1,373,977	458
Help desk	0 0	24 1	60 5	861 0	945 6	165,622	175
Immediate tasks	315 6	207 0	437 5	718 1	1,678 2	512,793	306
Investigations and CDDA	216 5	140 4	135 1	50 5	542 5	266,683	492
Investment banking	57 0	47 0	0 0	0 0	104 0	55,960	538
IT Wind Down Project	24 4	1,613 4	484 1	14 0	2,135 9	1,028,764	482
KSF Capital Markets	773 3	73 6	324 2	0 7	1,171 8	682,157	582
Legal issues	1,150 2	1,311 7	488 8	151 8	3,102 5	1,584,808	511
Members	0 0	1 7	0 0	0 0	1 7	669	394
Non-Edge IT support	0 0	192 1	3 0	0 0	195 1	79,896	410
Other assets	892 5	1,509 8	646 0	810 2	3,858 5	1,630,741	423
Property	1,265 3	6,759 5	8,850 2	1,893 3	18,768 3	7,239,434	386
Public relations issues	10 0	44 3	1 9	2 0	58 2	19,276	331
Retail book	117 0	500 7	383 1	44 0	1,044 8	454,179	435
Retention of title issues	0 0	7 9	6 8	0 0	14 7	5,243	357
Sale process	623 0	1,480 4	1,362 0	303 2	3,768 6	1,643,201	436
Statutory duties	177 1	345 9	292 5	44 7	860 2	384,264	447
Trading	590 9	1,640 8	1,759 4	1,653 8	5,644 9	1,774,474	314
VAT and taxation	2,328 2	5,145 0	2,883 6	1,164 8	11,521 6	6,662,931	578
Total hours	**20,472 5**	**53,981 8**	**55,344 9**	**35,720 8**	**165,520 0**	**62,236,854**	**376**
Total time costs (£)	**14,262,769**	**26,054,162**	**15,610,356**	**6,309,568**	**62,236,854**		
Avg hourly rate (£)	**697**	**483**	**282**	**177**	**376**		

Summary of Administrators' time costs for the six month period 8 October 2013 to 7 April 2014

Breakdown of hours charged by grade

Classification of work by function	Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg hourly rate (£)
Accounting and admin	17 7	187 0	623 1	430 6	1,258 4	360,970	287
Asset Finance	1 3	13 5	0 0	0 0	14 8	6,202	419
Bank and statutory reporting	40 5	52 7	56 7	48 3	198 2	72,829	367
Banking book	186 4	912 9	303 5	183 9	1,586 7	635,609	401
Creditors	20 7	104 9	115 3	23 2	264 1	101,539	384
Debtors	0 0	1 2	1 0	0 2	2 4	921	384
Employee matters	2 7	40 8	16 2	0 0	59 7	27,604	462
Investigations and CDDA	-	-	-	10 0	10 0	2,139	214
IT Wind Down Project	0 1	14 2	3 7	0 0	18 0	(1,963)	(109)
Legal issues	110 9	148 5	90 9	33 3	383 6	139,951	365
Other assets	56 7	85 0	49 7	41 2	232 6	104,201	448
Property	48 5	38 4	0 0	0 0	86 9	57,891	666
Public relations issues	-	0 4			0 4	236	591
Statutory duties	5 1	49 7	6 7	1 2	62 7	26,067	416
Trading	0 5	3 9	22 9	0 0	27 3	8,203	301
VAT and taxation	52 6	183 6	132 7	39 9	408 8	216,456	529
Total hours	**543 7**	**1,836 7**	**1,422 4**	**811 8**	**4,614 6**	**1,758,862**	**381**
Total time costs (£)	**391,135**	**866,002**	**346,206**	**155,519**	**1,758,862**		
Avg hourly rate (£)	**719**	**471**	**243**	**192**	**381**		

As is evident from the above table, time costs of £1,758,862 have been incurred in the six months to 7 April 2014, representing 4,615 total hours at an average hourly rate of £381 We note that our time costs and total hours for the period to 7 April 2014 includes some corrective adjustments for discrepancies previously reported The Administrators' cumulative time costs incurred from date of appointment to 7 April 2014 are c £62 2m plus VAT

Charging and disbursement policy

Administrators' charging policy for fees

The size and complexity of the assignment has necessitated that the Administrators put in place a team of Ernst & Young personnel including specialists in financial services, real estate, taxation, systems and IT, HR, communications and other Advisory Services, as well as core restructuring personnel The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience Work carried out by all staff –is subject to the overall supervision of the Administrators

All time spent by staff working directly on case-related matters is charged to a time code established for the case Each member of staff has a specific hourly rate, which is subject to change over time Where the Administrators utilise the services of specialist departments within the Administrators' firm such as tax, these departments may charge a number of hours if and when the Administrators require their advice These rates will vary and may exceed those of the Administrators' restructuring staff

The rates used by the Administrators may periodically rise over the period of the Administration but are, however, subject to the agreement of the Creditors' Committee

Administrators' charging policy for disbursements

Statement of Insolvency Practice No.9 divides disbursements into two categories:

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs SIP 9 provides that such disbursements are subject to approval as if they were remuneration It is our policy, in line with SIP 9, to seek approval for Category 2 disbursements before they are drawn