Kaupthing Singer & Friedlander Limited - (In Administration)

Administrators’ Progress Report to creditors for the six month period from 8 October 2012 to 7 April 2013

Ernst & Young

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
GP	KCP II (GP) Limited
HMRC	Her Majesty's Revenue & Customs
HMT	Her Majesty's Treasury
ING	ING Direct N.V.
Initial Meeting	The initial meeting of creditors held on 1 December 2008
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
Master	Kaupthing Capital Partners II Master L.P. Inc
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
Proposals	Administrators' Statement of Proposals dated 14 November 2008 as provided to creditors pursuant to paragraph 49 of Schedule B1 to the Act
Repo	Repurchase Agreement
SAF	Singers Asset Finance
SAFH	Singers Asset Finance Holdings Limited
Scheme	Singer & Friedlander Limited Pension and Assurance Scheme
SCML	Singer Capital Markets Limited, formerly Kaupthing Singer & Friedlander Capital Markets Limited
SFAM	Singer & Friedlander Asset Management Limited
SFAM LLP	Singer & Friedlander Asset Management LLP
SFCM	Singer & Friedlander Capital Management Limited
SFIM Group	Singer & Friedlander Investment Management Limited and its subsidiaries
SFIP	Singer & Friedlander Investment Properties Limited
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 Notes	A £250m floating rate guaranteed note issued by Funding on 26 January 2005
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.

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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 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.

On 26 April 2013, TM Burton retired as Administrator of KSF and BT Cairns was appointed as Joint Administrator by the High Court of Justice Chancery Division, Companies Court on the application of the continuing Joint Administrators. This application was made due to TM Burton's forthcoming retirement from Ernst & Young LLP. Further statutory and other information is shown in Appendix B of this report.

This report, including its appendices, constitutes the Administrators' ninth 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 2012 to 7 April 2013 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.

Following the successful sale of the Asset Finance business in March 2012, 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 applied to Court in April 2009 to (i) request the Court's permission to make distributions to unsecured creditors pursuant to Paragraph 65(3) of Schedule B1 to the Act, and (ii) extend the Administration for a period of up to three years, until 7 October 2012. As previously reported, the application was successful and an Order of the Court was issued on 24 April 2009.

As previously advised, the Administrators applied to Court on 18 May 2012, to extend the administration for a further period of three years, until 7 October 2015. The application was successful and an Order of the Court was issued on 10 August 2012.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months time covering progress in the period to 7 October 2013.

2. Summary of key developments

Progress in the period

The body of the report below details the major areas of progress since 8 October 2012, the areas of particular significance being:

- Banking loan book recoveries of £55m, increasing total loan recoveries to £2,013m as at 7 April 2013;
- Payment of the ninth dividend to unsecured creditors on 31 October 2012 at a rate of 3p in the £;
- Issuing the tenth notice of intended dividend to unsecured creditors on 11 March 2013 and;
- In this report the estimate of the range for total dividends to non preferential creditors remains at 84p to 86.5p in the £;

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2013 are set out in Appendix A, being the Administrators' Receipts and Payments account.

Dividends to creditors

On 31 October 2012, the Administrators paid a ninth dividend totalling £122,723,001, being 3p in £ to agreed unsecured creditors. On 11 March 2013, a notice of intention to declare a tenth dividend to unsecured creditors was issued and a copy published at www.kaupthingsingers.co.uk.

It is the Administrators' intention to provide updates on the dividend timing and, if appropriate, quantum, via the KSF website.

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 £
Total paid to date		**76p in £**
Tenth dividend	Late May / June 2013	Quantum to be determined

Developments post 7 April 2013

On 10 April 2013, KSF entered into a Secondment and Services Agreement ("SSA") with Singers & Friedlander Asset Management LLP ("SFAM LLP"), in relation to the back office services of KSF. Under this agreement, which is until 31 December 2014 all 13 remaining KSF staff were transferred to SFAM LLP. In addition, certain business assets and trademarks of KSF were sold to SFAM LLP and the lease of 21 New Street, London, EC2M 4HR, was assigned to SFAM LLP.

This agreement represents further efforts by the Administrators to reduce the ongoing costs of the Administration and maximise returns to the creditors.

On 26 April 2013, TM Burton retired as Administrator of KSF and BT Cairns was appointed as Joint Administrator by the High Court of Justice Chancery Division, Companies Court on the application of the continuing Joint Administrators. This application was made due to TM Burton's forthcoming retirement from Ernst & Young LLP.

3. Update on conduct of the Administration

Banking loan book

KSF loan books

The KSF loan books comprise three distinct portfolios being 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 below:

(£'m)	SoA as at 8 October 2008	Actual capital cash collections to 7 April 2013	Actual total cash collections to 7 April 2013
Corporate	631	624	680
Property	864	492	523
Private Banking	1,115	753	810
Sub participations – KSIOM	167	-	-
Sub participations – Khf	190	-	-
Total	**2,967**	**1,869**	**2,013**

Notes:

1. *Cash collections are converted into sterling as at transaction date exchange rates.*
2. *Corporate banking receipts exclude cash received from warrant cancellation and Swap settlements of c.£26m.*
3. *Property banking receipts exclude swap settlements of c.£1m.*
4. *For the purpose of the loan book update, recoveries have been rounded to the nearest £'m.*
5. *The explanation of the differences between the loan book receipts as per the 7 April 2013 Receipts and Payments (Appendix A) and the above collections is detailed below.*

Total cash receipts to 7 April 2013 from the Banking loan book are £2,013m comprising £1,869m capital repayments, £130m interest repayments and £14m fees. As previously noted, the loan book analysis in this section quotes different numbers to the Receipts and Payments section of the report. This is because the analysis above 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's exchange rates. In addition, the receipts and payments analysis includes swap settlements and warrant cancellations not included above.

The focus of the Administrators continues to be to manage recovery of the loan books to maximise realisations for creditors.

As first reported in the April 2012 report, SFAM LLP, an entity owned and operated by the former KSF banking staff, has entered into and is operating in accordance with the SSA with KSF. Under this agreement, which has a two year term expiring on 31 December 2013, the staff of SFAM LLP are seconded to KSF. Under the supervision of the Administrators and their staff, the secondees manage the day-to-day recovery operations of the loan book. All credit related decisions are presented to the Administrators at Credit Committee meetings for approval. Credit committee meetings are held two times a week.

The strategy that was established for each individual exposure following the detailed facility by facility review at the outset of the Administration continues to drive the overall recovery strategy on the Banking loan book. However, as necessary, the Administrators regularly review these strategies in light of new developments and changing circumstances with the aim of maximising realisations and, where possible, seeking early repayment and recovery of exposures as appropriate.

Historically, it has been necessary for KSF to make further drawdown payments to customers or other 3rd parties to preserve/enhance value in KSF's security or to comply with requirements under the relevant facility documentation. To date, drawdowns of this nature total £45m, of which £43m has been recovered through capital repayments on the associated loans. As such, the current net drawdown position is £2m, which is significantly lower than at the date of our last report. This is largely a result of repayments of a number of high value loans where further drawdowns had occurred. To the extent that KSF has had to provide further funds beyond those initially envisaged as debt finance, where the facility agreements permit, an appropriate commercial rate of interest is being charged.

Loan book provisions are reviewed quarterly on a loan by loan basis. Write-offs are only crystallised and booked when all possible collection routes for a particular debt have been fully explored. Any write-offs are verified and approved by the Administrators. The amount written off in the period was £64m, bringing write-offs to date to £599m.

Information on estimated future recoveries is monitored by KSF, the Administrators and their staff on a loan-by-loan basis. However, the Administrators are not able to provide further information with respect to estimated future recoveries due to the commercial sensitivity of the data. In addition, it is also subject to various other factors that may affect quantum and timing.

Private Banking

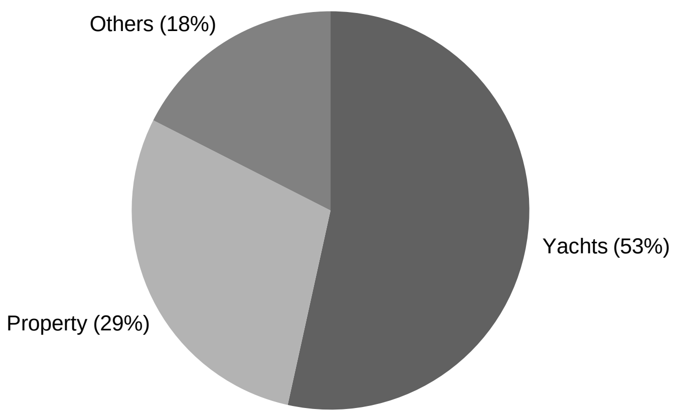
Actual cash collected (£'m)	8 October 2008 to 7 October 2012	6 months from 8 October 2012 to 7 April 2013	8 October 2008 to 7 April 2013
Capital	739	14	753
Interest	55	-	55
Fees	2	-	2
Total	**796**	**14**	**810**

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

(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections to 7 April 2013	SoA value less actual total collections to 7 April 2013
Book value	1,115	362	305
Sub participations – KSIOM	167	-	-
No. of borrowers	372	25	25

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 2013:

Mix by segment at 7 April 2013



Note: 'Others' includes, securities backed loans, unsecured loans and cash backed loans.

The Private Banking loan book continues to be managed in three segments; property, yacht & aircraft and 'other'. As previously reported, KSF exited from its final aircraft loan during the period to 7 April 2012, leaving only portfolios secured by yachts in this segment.

The typical UK residential mortgage written by Private Banking was a five year, interest only mortgage to a high net worth individual customer. Such loans remain difficult to refinance given high LTV ratios, the limited number of active lenders in the current market and increased default risk given the current economic conditions. KSF is now pursuing "recovery" or "enforcement" procedures on a significant proportion of the remaining loans following their expiry. However, many of the remaining loans are regulated mortgages, increasing the forbearance required to be granted to borrowers pursuant to the regulatory provisions governing such mortgages. As a result, KSF's strategy for these loans continues to be focused on early communication with customers of the need to refinance on or before maturity subject to regulated mortgage provisions.

As at 7 April 2013, 53% of the total Private Banking loan book by book value was related to the yachts segment. Activity continues to focus on encouraging borrowers to refinance or to sell the security on a voluntary basis. KSF had managed to exit 25 of its 26 positions in respect of the yacht & aircraft book as at 7 April 2013 and efforts continue to encourage the refinance of the remaining longer maturing loan.

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 the subject of a mandatory set-off against the claim submitted in the administration of KSF by KSFIOM.

Corporate loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2012	6 months from 8 October 2012 to 7 April 2013	8 October 2008 to 7 April 2013
Capital	610	14	624
Interest	48	-	48
Fees	8	-	8
Total	**666**	**14**	**680**

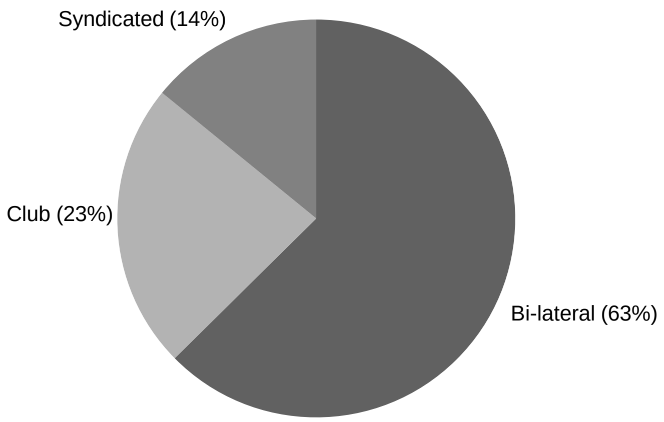
Note: *where total interest and fees received are less than £1m, these have been shown as zero in the above table.*

(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections to 7 April 2013	SoA value less actual total collections to 7 April 2013
Book value	631	7	(49)
Sub participations – Khf	190		190
No. of borrowers	77	7	7

The Corporate loan book is managed by loan type and comprises of syndicated loans, club loans and bilateral/senior lender loans.

The chart below sets out the mix by segment of the Corporate loan book by the value of amounts outstanding as at 7 April 2013.

Mix by segment at 7 April 2013



Bilateral/senior lender loans represented 63% of the Corporate loan book as at 7 April 2013. Typically, KSF is either the sole lender or a senior lender alongside a UK clearing bank holding a significant portion of a small syndicate on what are generally private equity backed companies. The current strategy continues to focus on encouraging the borrower and/or other individual members of a syndicate to refinance KSF's position.

During the period to 7 April 2013, KSF continued to make progress on the Corporate loan book. Since the date of Administration, KSF has exited over 90% of its Corporate positions, significantly de-risking the book, leaving largely bi-lateral and club deals to be worked out. Activity continues to revolve around encouraging consensual debt restructuring and refinancing where possible, although in a number of cases KSF has appointed administrators over companies where the borrower has been unable to repay the debt due and administration presented a better opportunity for recovery.

As previously reported, KSF has sub-participation positions in Corporate loans advanced by Khf. These sub-participations are 'silent' in that Khf is the lender of record and, therefore, these KSF sub-participations 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.

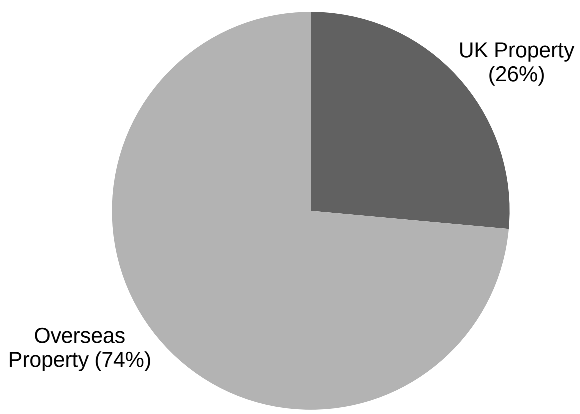
Property loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2012	6 months from 8 October 2012 to 7 April 2013	8 October 2008 to 7 April 2013
Capital	469	23	492
Interest	24	3	27
Fees	3	1	4
Total	**496**	**27**	**523**

(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections To 7 April 2013	SoA value less actual total collections To 7 April 2013
Book value	864	372	341
No. of borrowers	220	41	41

The chart below sets out the mix by segment of the Property loan book by the value of amounts outstanding as at 7 April 2013:

Mix by segment at 7 April 2013



As previously reported, since the date of Administration we have exited over 80% of the property loan book accounts. Following closure of these accounts, we have now amalgamated the small number of outstanding loans in the Property Partnerships and Property Finance categories into UK and Overseas Property, as appropriate.

The largest exposures in the property loan book continue to be to the UK residential market, development land in the Caribbean and structured development projects in the UK. The focus continues to be to work with borrowers and encourage them to refinance and/or sell completed developments or development land. However, where borrowers are uncooperative and/or are in breach of their loan facilities, steps are taken to realise the value of our security by the appointment of LPA/Fixed Charge receivers or administrators, and to pursue borrowers and guarantors under personal guarantees in order to recover shortfalls where this is deemed appropriate.

We are continuing to meet requests for funds where expenditure is necessary to preserve/enhance the value of the security. However, where appropriate, in the meantime we are realising part built assets and have also entered into joint venture arrangements with third parties. It should be noted that access to development finance in the market remains challenging and continues to stifle transactions that would allow quick refinancing or sales of the security at appropriate levels of value.

There are a relatively small number of UK commercial facilities outstanding within the property loan book, many of which have outstanding balances in excess of the market value of the Bank's security. We continue to seek consensual restructurings where feasible, with a view to enhancing KSF's security through, for example, seeking revised planning permission on schemes which have proven not to be commercially viable.

The majority of the outstanding Overseas Property loans relate to development sites in the Caribbean, where a lack of available credit and weak market conditions continue to limit sales and refinance opportunities, as well as a number of development sites and properties in France. There has been some success and progress in the marketing and realisation of both completed developments and development land in this period and this continues to be a key focus of the Administrators. However, these markets remain more challenging than in the UK and therefore, Caribbean loans are forming an increasing proportion of the residual property loan book.

Kaupthing Bank hf

As previously reported, KSF entered into a settlement agreement with Khf in May 2012 pursuant to which the Khf Winding-up committee accepted part of KSF's claim in the amount of £302m. In addition, a claim in the amount of c.£10m in relation to certain bonds issued by Khf has been accepted through the Trustee of the bonds.

Correspondence is ongoing between the Administrators and the Khf Winding-up Committee to settle those components of the KSF claim, with a gross value of £185,121,499, which were not resolved in the May 2012 settlement agreement, principally relating to loan sub-participation agreements. The Administrators have recently reached agreement in principal with the Khf Winding-up Committee in respect of the value at which these components of the claim will be accepted. Currently, however, this is subject to formal Winding-up Committee approval and, therefore, we are unable to provide any further details at this time.

The Administrators continue to attend creditors' meetings convened by the Khf Winding-up Committee and note that the proposed launch of a composition proposal to creditors in the fourth quarter of 2012 has been delayed pending approval of certain aspects 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 claim 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.

Separately to the claims submitted by KSF in the Khf Winding-up, and as previously reported, Khf commenced 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 Administrators have worked with local counsel to submit KSF's defence to the proceedings and we understand that the matter is due to be heard by the Icelandic Court on 27 May 2013.

To the extent that Khf is successful in these proceedings, the Khf Winding-up Committee consider that they will be entitled to set-off the debt (c.€9m plus interest) against KSF's agreed claims in the Winding-up. The Administrators do not agree with this interpretation.

Edge Migration

On 8 October 2008, HMT and ING entered into an agreement which required KSF to provide or procure the provision of services in relation to the Edge business during the time period in which it was physically transferred from KSF to INGD (the "Service Agreement"). Section 23 of the Transfer Order bound KSF to the Service Agreement as it if were a party. Between the period of 8 October 2008 and 7 February 2009 (the "Relevant Period"), KSF provided or procured the provision of services pursuant to the Service Agreement. As a consequence of the provision of these services, there were various funds flowing between KSF and ING during the Relevant Period.

In May 2012, a settlement agreement was finalised between KSF, the FSCS and ING to formalise the aggregate balance of the Edge accounts as at 8 October 2008 which were transferred to ING in accordance with the Transfer Order.

A full reconciliation of the various funds flowing between KSF and ING during the Relevant Period has now been finalised and, in November 2012, KSF and ING entered into a settlement agreement to record their agreement to the reconciliation and the net funds that are payable by KSF to ING pursuant to the Services Agreement. In accordance with the settlement agreement, KSF has made a payment in the amount of c£0.35m to ING.

Accordingly, all matters between KSF, ING, FSCS and HMT in relation to the Edge business have now been formally concluded.

Subsidiary companies

Singer Asset Finance subsidiaries (Asset Finance)

As previously reported, the sale of the Asset Finance division of KSF to Shawbrook was completed on 22 March 2012.

The Creditors will be aware that c.£16.8m of possible further consideration is being held in two escrow accounts following the sale.

The remaining monies held in escrow relate to two specific tax issues which will not be resolved until approximately late Q2 2013 and Q1 2015, respectively.

Singer & Friedlander Investment Management Group

We continue to work with the SFIM management team to resolve the remaining issues which will allow the solvent liquidation of SFCM (subject to FCA, formerly the FSA, approval). This will be followed by the solvent liquidation of SFIM, again subject to the approval of the FCA to relinquish the Investment Management Advisory licence.

The main issue preventing SFCM and SFIM being placed into solvent liquidation continues to be ensuring that the residual client monies/assets are dealt with in accordance with the appropriate regulations and FCA guidance. Work in this respect is ongoing and we maintain regular dialogue with the FCA. We envisage that the solvent liquidations of SFCM and SFIM (subject to FCA approval) will commence in the next three to six months.

Once SFCM and SFIM are placed into solvent liquidation we anticipate a sum of c.£2.5m will flow through to KSF upon the conclusion of the liquidations.

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

As previously reported, the Funding Liquidators have retained funds of c.£0.5m to discharge final costs and expenses of the liquidation which is being held open to enable the Liquidators to submit a corporation tax group relief claim to HMRC to utilise KSF losses, to the extent that they are available in the year ended 8 October 2012, to shelter Funding's interest income in the liquidation period. It is anticipated that Funding will be able to shelter a potential corporation tax liability of c.£0.1m.

Once Funding's corporation tax affairs have been finalised, the residual funds held by the Liquidators will be distributed to KSF as the sole remaining creditor in the liquidation.

Other subsidiary companies

With the exception of the SFIM Group companies, all subsidiary companies in the KSF group are either in members' voluntary liquidation, in a form of insolvency process or have been sold.

To date, the following direct/indirect subsidiaries have been placed into solvent liquidation or dissolved via strike off procedure.

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
Strike off	**Date struck off the register**	
Singer & Friedlander Secretaries Limited	21 July 2009	
Kaupthing Steadfast Limited	21 July 2009	

The liquidation of Sinjul Investments Limited is expected to continue for a period of time due to the existence of tax losses which it may be possible for other group companies to utilise in the future.

The liquidation of Kaupthing Limited is also expected to continue for a period of time due to claims it has in other insolvencies. As previously reported, these claims are agreed and the Joint Liquidators await distributions in respect of these claims.

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

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 1,001 claims as at 7 April 2013, with a gross value of c.£5.5bn, of which 468 claims (c.£0.6bn) were received from non-Edge depositors. The remaining 533 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 2013, claims to the value of c.£4.09bn 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.£4.12bn.

In addition to new claims, the Administrators have been contacted by creditors advising that they have assigned their debts to a third party. Whilst this does not have an impact on the overall value of claims admitted for dividend, it does require adjustment to the Administrators' records in relation to the assigned claim.

During the period, a claim in the amount of c.£44m has been withdrawn as a result of a settlement with the client in relation to their credit facilities. A number of intercompany account claims have also been withdrawn as they relate to solvent subsidiaries and are, ultimately, payable to KSF as shareholder.

The Administrators continue to be proactive in processing outstanding claims and new claims received in response to dividend notices. There are currently 6 disputed or non-agreed claims with a gross value of c.£16.9m.

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 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 10 September 2012, the Administrators issued a notice of their intention to declare a ninth dividend to unsecured creditors. Subsequently, on 31 October 2012, the Administrators declared and paid the ninth dividend of 3p in the £ to creditors whose claims had been admitted to rank for dividend. The initial cost of the ninth dividend to the estate was £122,723,001, being 3p in the £ on claims of £4,090,766,711. At the time of paying the ninth dividend, the Administrators made a provision of £46,109,791 for unsettled claims in the amount of £60,670,778.

On 11 March 2013, the Administrators issued a notice of their intention to declare a tenth dividend to unsecured creditors and published a copy on the KSF website: www.kaupthingsingers.co.uk. The last date for proving to qualify for the tenth dividend was 22 April 2013. The Administrators are required to declare the tenth dividend within two months of this date.

It is the Administrators' intention to provide updates on the tenth dividend timing and, if appropriate, quantum, via the KSF website.

Further dividends will be made at regular intervals, subject to the agreement of the Creditors' Committee and the level of distributable funds making it cost effective to do so. The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports. It is the Administrators' current intention to pay a further dividend by 31 December 2013.

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 after the tenth dividend 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 tenth or any other future dividends at this time. 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 £
Total paid to date		76p in £
Tenth dividend	Late May / June 2013	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 84p-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 now processed almost all compensation claims, this process remains essential to ensure that depositors do not receive compensation from the FSCS as well as a dividend from the Administration.

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 continue 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 as at the end of this reporting period, was constituted as follows:

1. Cats Protection;
2. Financial Services Compensation Scheme Limited;
3. Peterborough City Council;
4. Kaupthing Singer & Friedlander (Isle of Man) Limited (In Liquidation); and
5. The Trustees of The Singer & Friedlander Limited Pension and Assurance Scheme.

5. Other matters

Receipts and Payments account

The Administrators' Receipts and Payments account for the period 8 October 2008 to 7 April 2013 is attached at Appendix A, which also includes a summary of the receipts and payments for the six month period of this report. It should be noted that, where applicable, all payments are shown inclusive of VAT.

As detailed in 'note 1' of the Receipts & Payments account at Appendix A, please note that 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 2013.

The funds in the Administrators' control are held across a number of clearing banks in order to mitigate risk. Some monies are usually 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. As at 7 April 2013, approximately half of funds held were held on short term money market deposit accounts.

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.

Please refer to Appendix A for further details of the receipts and payments to 7 April 2013.

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.

Operational matters

Services and Secondment Agreement (back office)

On 10 April 2013, KSF entered into a second SSA with SFAM LLP in relation to the back office functions of KSF. As previously advised, SFAM LLP is an entity owned and operated by the former KSF banking staff, which currently provides secondees to KSF in relation to the day-to-day recovery operations of the loan book.

Pursuant to the terms of this additional agreement, all remaining KSF staff were transferred to SFAM LLP on 10 April 2013 and are seconded to KSF. Under the supervision of the Administrators and their staff, the seconded staff manage the day-to-day back office operations supporting the Administrators and collection of the loan book.

As a result of the SSA, the KSF employee headcount has now reduced to nil and, therefore, salary costs have been transferred to SFAM LLP. However, certain annual incentive and retention payments agreed between the Company and KSF staff prior to the SSA will remain liabilities of KSF.

In addition to the SSA, KSF and SFAM LLP entered into an Asset Purchase Agreement pursuant to which SFAM LLP purchased certain business assets of KSF, including the two trademarks owned by KSF. The lease of 21 New Street has also been assigned to SFAM LLP in accordance with this agreement.

The agreements with SFAM LLP should result in reduced operating costs and enhanced realisations to unsecured creditors.

As the SSA was entered into after 7 April 2013, it is not reflected in the Receipts and Payments account at Appendix A.

Information Technology matters

The Administrators, with the assistance of KSF's IT and operations team, 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. The data retention workstream has continued with the implementation and testing of the data retention solutions. This includes terminating vendor or services contracts where possible.

Regulatory and Compliance

KSF and two of its subsidiaries remain FCA authorised, and continue to require an appropriate set of regulatory permissions through which to hold, transact or manage assets under the Administration. The Compliance, Anti-Money Laundering (AML) and Risk function is performed by a regulatory specialist to ensure continuing compliance with FCA and other regulatory requirements.

During the period, there has again continued to be frequent engagement with FCA and other regulatory authorities on a wide range of regulatory issues, including the FCA's Final Notice on its investigation into certain events and circumstances prior to the administration in October 2008.

Dialogue has continued with the FCA to deregister or reduce as appropriate the number and scope of regulatory permissions held, to enhance efficiencies and to ensure KSF and its subsidiary businesses are not burdened with unnecessary regulatory fees. This has also entailed obtaining and seeking to renew regulatory waivers from the requirement to produce certain regulatory and reporting items and in the treatment of client money in the investment management subsidiaries.

In terms of the borrower facing Banking 'Front office' and recovery activities, we continue to review practice to identify regulatory risks and ensure related controls, policies and procedures and compliance input are put in place as required. As a result of the changed SSA arrangements post January 2012 relating to loan book recoveries, additional controls were established including a new suite of management information and key risk indicators and the establishment of a Controls Committee. These additional controls allow the Administrators to monitor the performance and effectiveness of the revised arrangements.

Taxation

The Administrators' corporation tax and VAT teams continue to implement strategies which maximise value for the estate of KSF by ensuring KSF's corporation tax and VAT positions are optimised.

Together with ensuring that KSF's corporation tax compliance obligations are fully satisfied, the corporation tax team has focussed on obtaining payment for corporation tax losses surrendered by KSF in each period. To date, KSF has surrendered losses of approximately £26m in exchange for payments exceeding £7.2m for the surrender of these losses. We will continue to monitor the position in order to maximise value from tax attributes where possible.

Legal issues

The Singer & Friedlander Limited Pension and Assurance Scheme

As previously reported, the Administrators rejected an element of the claim submitted by the Scheme in respect of the funds originally held at the on the basis that the Scheme had already recovered these funds in full from the BoE Trust Account. The Trustee filed an application with the High Court to appeal the Administrators' decision and the matter is due to be heard by the Court in late July 2013.

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

KSF submitted a claim in the Khf Winding-up proceedings in relation to funds in the amount of $65m which were erroneously paid to Khf shortly prior to KSF's administration by a derivative counterparty, in respect of a foreign exchange derivative transaction it had with KSF. The Administrators have subsequently been advised by their legal advisors that KSF has a legal right to make a claim against the derivative counterparty directly. Accordingly, the Administrators agreed with the Khf Winding-up Committee that the $65m claim made by KSF against Khf would be held pending the finalisation of the position as between KSF and the derivative counterparty.

The Administrators approached the derivative counterparty to seek consensual settlement of the matter but were advised that the counterparty strongly rejected that KSF has any grounds to make a claim against them. The Administrators' legal advisors subsequently responded to the concerns raised by the counterparty and advised that, subject to any additional information being provided to support their case, or payment of the debt in full, KSF would issue proceedings for recovery of the debt.

Absent a satisfactory response, the Administrators served notice of their claim on the derivative counterparty on 27 November 2012. The matter is now proceeding through the Court process but is not expected to be heard before the Court until early 2014.

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

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 nine 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
Total	57,510,704	154,172	373

*The time cost has increased from £3,381,680 to £3,431,717 for the period ending 7 October 2012, further to a fee uplift as agreed by the Creditors' Committee, effective from 1 July 2012.

As is evident from the above table, time costs of £2,783,280 have been incurred in the six months to 7 April 2013, representing 6,540 hours at an average rate of £426.

This hourly rate compares with the average hourly rate of £373 from date of appointment to 7 April 2013. The increase in the average hourly rate for the last six months, is primarily due to the staff grade mix, and less junior staff time being required. The Administrators' cumulative time costs incurred from date of appointment to 7 April 2013 are c.£57.5m plus VAT.

An analysis of the time spent for both the period of this report, and from 8 October 2008 to 7 April 2013, 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 (inclusive of Category 2 disbursements) have been incurred. Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. In the period of this report, the Administrators' disbursements totalled c.£11k plus VAT.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 April 2013

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

	8 October 2008 to 7 October 2012 £'000 [1]	Six months to 7 April 2013 £'000 [1]	Total £'000 [1]	Notes
Receipts				
Cash taken over	418,074	1,716	419,790	2
Property loans	491,241	28,587	519,828	3
Private banking	779,346	18,883	798,229	4
Corporate loans	678,907	12,451	691,358	5
Asset Finance	581,062	-	581,062	6
Realisations from Transitional Service Agreements	14,404	-	14,404	7
Tax	20,525	297	20,822	8
Rental income	5,779	-	5,779	
Share realisations and dividends	398,141	700	398,841	9
Financial instrument receipts	300,384	765	301,149	10
Inter-account cross currency receipts and presentational foreign exchange movements	726,176	12,078	738,254	11
Other realisations and interest	73,820	(148)	73,672	12
Unallocated receipts	58	(58)	-	13
Total receipts	4,487,917	75,271	4,563,188	
Payments				
Supplier payments	23,072	97	23,169	14
Staff wages and related expenses	83,348	2,042	85,390	15
Drawdown payments	44,053	1,535	45,588	16
Legal and other professional fees	34,601	421	35,022	17
Transaction costs relating to SAF sale	10,588	-	10,588	
Insurance	834	86	920	
Administrators' fees	62,636	3,111	65,747	18
Administrators' disbursements	448	13	461	
Rent, rates and utilities	24,315	141	24,456	
Tax	480	11	491	
Financial instrument settlements	5,622	-	5,622	19
Inter-account cross currency payments	694,808	18,515	713,323	11
Cheques and direct debits released post admin	1,204	-	1,204	20
Bank charges and interest	381	11	392	
Distributions				
Distribution to preferential creditors	305	-	305	
Distribution to unsecured creditors	3,290,715	122,784	3,413,499	21
Total payments	4,277,410	148,767	4,426,177	
Foreign exchange gain/(loss)	150	-	150	1
Closing balance	210,657	(73,496)	137,161	22

Notes:

1. *Foreign currency transactions occurring in AUD, CAD, HK$, JPY, NOK, NZD are converted into Sterling using an exchange rate as at the relevant date of each transaction. A 'Foreign exchange gain/loss' line has been added to show the effect of changes in exchange rate when physically transferring funds from these foreign currency accounts into Sterling accounts. With regard to Euro and US Dollar receipts and payments, these transactions are converted into Sterling using the exchange rate as at 7 April 2013.*
2. *Cash taken over represents monies belonging to KSF and previously held by certain third party banks. These funds are now under KSF's control. These monies may include some post administration receipts which need to be returned to third parties. Please note, the positive movement during the period is due to the calculation of the total Sterling equivalent figure which uses the month end exchange rates to translate Euro and US Dollar receipts. Therefore, this movement is presentational only (see note 11).*
3. *A combination of capital repayments, interest and fee payments from the Property loan book.*
4. *A combination of capital repayments, interest and fee payments from the Private Banking loan book.*
5. *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.*
6. *A combination of capital repayments and interest payments from the Asset Finance subsidiaries.*
7. *This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SAF and Edge).*
8. *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.*
9. *This represents receipt from the sale of shares and receipt of dividends.*
10. *This is the product of closed Financial Instrument positions including ISDA valuation settlements, Bond maturities and Coupons, Repurchase Agreements and Equity Swaps. Please note, the positive movement during the period is due to the calculation of the total Sterling equivalent figure which uses the month end exchange rates to translate Euro and US Dollar receipts. Therefore, this movement is presentational only (see note 11).*
11. *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. This receipt line also includes presentational foreign exchange movements since the date of the last progress report, 7 October 2012, relating to Euro and US Dollar receipts relating to cash taken over and financial instruments.*
12. *This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of chattel assets and fee refunds, please note that during the period other realisations and interest reduced following the reallocation of an incorrectly apportioned historical receipt.*
13. *These receipts were received in the post administration period by KSF and have been investigated to establish whether they belong to KSF, or need to be returned to the remitter. All amounts have now been investigated and the amounts to be returned to remitter are detailed in note 22.*
14. *Supplier payments in relation to ongoing costs including expenditure on IT.*
15. *This represents payments for staff wages and related expenses.*
16. *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.*
17. *Legal and other professional fees relate to legal advice obtained, court proceedings and litigation conducted in connection with various issues across the Administration.*
18. *Administrators' fees relate to amounts actually billed during the current period and are, therefore, different to the amounts incurred in the period as per the SIP9 in Appendix D.*
19. *These figures represent treasury derivatives close out agreements between KSF and two counter-parties involving FX, Interest rate and Equity Swaps.*
20. *These payments were released immediately after appointment and before any stop could be placed on them.*
21. *The amount distributed to unsecured creditors increased by c.£122.8m in the current period. This was largely due to the payment of the ninth dividend on 31 October 2012, being 3p in £ on agreed unsecured claims.*
22. *The closing balance represents total receipts less total payments plus the foreign exchange gain for the period. The closing balance does not include a sum of c.£79k which the Administrators are holding in respect of third party monies received in error. The Administrators continue to progress the repayment of these monies as and when bank account details become available. If the recipient cannot be identified the monies will be paid into HM Court Funds Office in due course.*

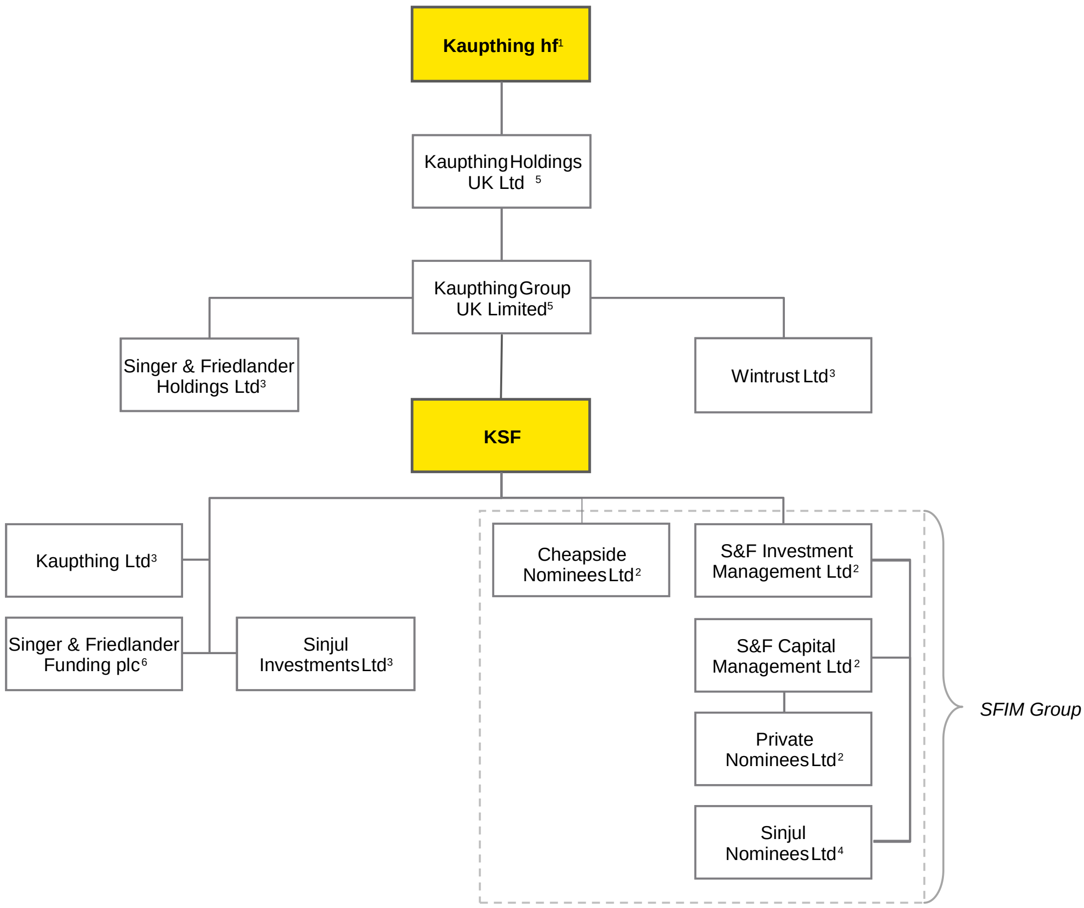
Appendix B Statutory and other information as at 7 April 2013

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 TM Burton of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment:	8 October 2008
By whom appointed:	The appointment was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Financial Services Authority.
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. Looking to place the entity into members' voluntary liquidation
3. Entity is in members' voluntary liquidation
4. Entity is currently under review to decide its strategy going forward
5. Entity is outside the jurisdiction of the Administrators of KSF
6. Entity is in creditors' voluntary liquidation

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 April 2013

Classification of work by function	Breakdown of hours charged by grade: Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg. hourly rate (£)
Accounting and admin.	1,380.2	5,280.3	9,969.3	14,785.7	31,415.5	8,295,691	264
Asset Finance	1,120.0	1,510.4	181.2	31.5	2,843.1	1,525,188	536
Bank and statutory reporting	666.1	2,141.8	1,697.5	577.8	5,083.2	2,004,912	394
Banking book	4,193.0	10,738.0	12,495.1	6,033.8	33,459.9	12,482,611	373
Creditors	812.9	3,389.1	4,241.6	3,008.4	11,452.0	3,690,564	322
Debtors	69.5	74.8	19.3	138.9	302.5	110,274	365
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	1,122.4	845.2	670.5	274.7	2,912.8	1,334,636	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	40.5	532.5	264,545	497
Investment banking	57.0	47.0	0.0	0.0	104.0	55,960	538
IT Wind Down Project	17.3	1,535.2	472.0	14.0	2,038.5	977,299	479
KSF Capital Markets	773.3	73.6	324.2	0.7	1,171.8	682,157	582
Legal issues	928.8	930.4	43.1	17.0	1,919.3	1,074,286	560
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	784.5	1,369.0	586.3	769.0	3,508.8	1,450,400	413
Property	1,198.8	6,651.2	8,850.2	1,893.3	18,593.5	7,117,854	383
Public relations issues	10.0	43.9	1.9	2.0	57.8	19,040	329
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	168.0	249.3	244.1	40.9	702.3	299,776	427
Trading	585.4	1,620.0	1,711.3	1,653.8	5,570.5	1,744,445	313
VAT and taxation	2,188.8	4,747.0	2,642.7	1,065.5	10,644.0	6,140,793	577
Total hours	**19,252.6**	**49,831.1**	**51,093.0**	**33,995.4**	**154,172.1**	**57,510,704**	**373**
Total time costs (£)	**13,300,733**	**23,896,315**	**14,327,832**	**5,985,825**	**57,510,704**		
Avg. hourly rate (£)	**691**	**480**	**280**	**176**	**373**		

Note: *The time cost for the period 1 July 2012 to 7 October 2012 has increased subsequent to a fee uplift as agreed by the Creditors' Committee, with effect from 1 July 2012.*

Summary of Administrators' time costs for the six month period 8 October 2012 to 7 April 2013

	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.	39.9	346.3	464.9	386.7	1,237.8	408,081	330
Asset Finance	16.7	12.6	-	-	29.3	19,363	661
Bank and statutory reporting	43.5	169.6	335.8	85.9	634.8	229,077	361
Banking book	427.7	1,216.3	1,286.2	77.5	3,007.7	1,278,508	425
Creditors	33.5	89.3	315.6	-	438.4	163,236	372
Debtors	4.5	-	8.5	-	13.0	5,802	446
Employee matters	17.5	15.5	19.5	-	52.5	26,995	514
IT Wind Down Project	-	106.9	-	-	106.9	57,079	534
Legal issues	68.1	98.1	-	-	166.2	102,418	616
Members	-	0.1	-	-	0.1	53	530
Other assets	32.7	63.6	24.2	-	120.5	65,258	542
Property	2.5	42.0	-	-	44.5	28,861	649
Public relations issues	-	-	1.9	-	1.9	554	292
Sale process	1.0	-	-	-	1.0	732	732
Statutory duties	7.5	7.4	0.6	1.9	17.4	10,093	580
Trading	20.5	56.1	-	-	76.6	45,400	593
VAT and taxation	66.1	358.5	94.5	72.2	591.3	341,770	578
Total hours	**781.7**	**2,582.3**	**2,551.7**	**624.2**	**6,539.9**	**2,783,280**	**426**
Total time costs (£)	**600,660**	**1,346,027**	**739,475**	**97,118**	**2,783,280**		
Avg. hourly rate (£)	**768**	**521**	**290**	**156**	**426**		

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.