

## Appendix 5.1 – Limitations of bank movement schedule analysis

### Analysis of BBYL bank movement schedules

We performed key word searches on the BBYL bank movements schedules for the period 2011 to 2015 in order to identify transactions which referenced '*BBY Corp*'. A summary of the date ranges included in these schedules in respect of each of the Equity/ETO CSAs is set out in the table below:

Summary of Equity/ETO accounts detailed in the BBYL Bank Movements Schedules				
Account Name	Account Number	Date Range – 2011 to 2013 Schedule <sup>117</sup>	Date Range – 2013 to 2014 Schedule <sup>118</sup>	Date Range – 2015 Schedule <sup>119</sup>
BBY Ltd Equities Trust Ac	124078694	2/12/2011 – 28/6/2013	1/7/2013 – 31/12/2014	2/1/2015 – 28/5/2015
BBY Ltd Client Trust Account	553452541	9/12/2011 – 28/6/2013	1/7/2013 – 31/12/2014	2/1/2015 – 29/5/2015
BBY Ltd ETO Trust Account	553486012	16/2/2012 – 1/07/2012	1/7/2013 – 31/12/2014	2/1/2015 – 28/5/2015
BBL Ltd Equities Trust 2	553469415	24/1/2012 – 28/6/2013	1/7/2013 – 31/12/2014	2/1/2015 – 1/4/2015

After identifying '*BBY Corp*' transactions within the BBYL bank movements schedules, we then correlated the transactions with the relevant bank statements in order to confirm the transaction details and the accounts between which funds were transferred. We also carried out email searches to identify email correspondence in relation to the '*BBY Corp*' transactions in order to confirm the nature of, and/or reason for, those transfers.

### Limitations of this analysis

We encountered a number of significant limitations of our analysis, based on which we discontinued the analysis:

- The bank statement descriptions alone do not allow identification of Equity/ETO Funding Transactions.
- There does not appear to be a clear distinction between the narratives used in the BBYL bank movements schedules in relation to Equity/ETO Funding Transactions involving repayment of funding provided to Equity/ETO CSAs and the narratives used in relation to commissions payments made from Equity/ETO CSAs to House.
- We were unable to identify relevant email correspondence for a number of the transactions and, in some instances where correspondence could be identified, it did not always provide a clear explanation of the purposes for the transfer.
- Not all movements that appeared to be Equity/ETO Funding Transactions contained '*BBY Corp*' in the narrative in the BBYL bank movement schedules (see illustrative example below).
- It appears that Equity/ETO Funding Transaction payments to Equity/ETO CSAs were not always returned to the account from which the funding was initially provided. On occasions they also appear to be combined with other payments, making identification of repayments difficult, if not impossible, with the limited information available (see illustrative example below).

### Illustrative example of narratives limitation

We identified a transfer of \$2 million from Trust account 6 ending 408 to Equity/ETO Client Trust account 541 on 4 September 2012 for which the BBYL bank movement schedule referenced '*BBY Corp*'. We identified email correspondence<sup>120</sup> which suggests that the amount of \$2 million was first transferred, as part of a larger transfer of \$3.35 million, to the General account on 5 September 2012. The narrative for this transfer in the BBYL bank movements schedule<sup>121</sup> is "*Transfer to General*". The narrative for the subsequent transfer of \$2 million to Trust account 6 is "*Payment to BBY Ltd*"<sup>122</sup>. This apparent practice of combining payments and the use of inconsistent descriptions makes the exercise of tracking through funds transfers difficult and unreliable.

This example transaction is summarised in the funds flow diagram below, which includes the corresponding narratives outlined on the BBYL bank movements schedule.

<sup>117</sup> "Bank Movements All Dec 2011 to June 2013.xls".

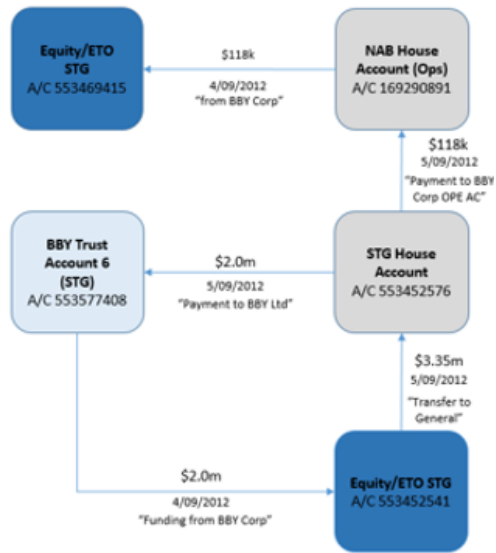
<sup>118</sup> "Copy of Bank Movements 2013-14 FY 2.xlsx".

<sup>119</sup> "Copy of Bank Movements 2015 Current.xlsx".

<sup>120</sup> See email correspondence at **Exhibit 5.11**.

<sup>121</sup> "Bank Movements All Dec 2011 to June 2013.xls".

<sup>122</sup> "Bank Movements All Dec 2011 to June 2013.xls".



In light of the above mentioned limitations, it is not possible, based on the bank transaction data and BBYL bank movement workbooks alone, to ascertain the net effect of Equity/ETO Funding Transactions between 2011 and 2015.