

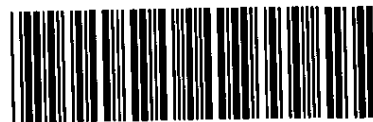
AM10

Notice of administrator's progress report



Companies House

THURSDAY



A05 15/02/2018 #323
COMPANIES HOUSE

lease
ouse

1 Company details

Company number 03154198

Company name in full Phones 4u Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Ian David

Surname Green

3 Administrator's address

Building name/number 7 More London

Street Riverside

Post town London

County/Region

Postcode SE1 2RT

Country UNITED KINGDOM

4 Administrator's name ①

Full forename(s) David James

Surname Kelly

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 7 More London

Street Riverside

Post town London

County/Region

Postcode SE1 2RT

Country UNITED KINGDOM

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	2	d	1	m	0	m	7	y	2	y	0	y	1	y	7
To date	d	2	d	0	m	0	m	1	y	2	y	0	y	1	y	8

7 Progress report

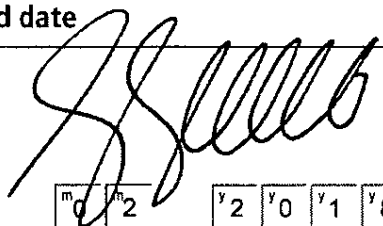
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	0	d	9	m	0	m	2	y	2	y	0	y	1	y	8
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**Presenter information**

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

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

**Checklist**

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Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ¹
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

¹ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Robert John

Surname Moran

3 Insolvency practitioner's address

Building name/number Cornwall Court

Street 19 Cornwall Street

Post town Birmingham

County/Region

Postcode B 3 2 D T

Country UNITED KINGDOM

Joint Administrators' Seventh Progress Report

For the period from 21 July 2017 to 20 January
2018

Phones 4U Limited

High Court of Justice, Chancery Division, Companies Court
Case no. 6516 of 2014

9 February 2018

Phones 4U Group Limited

High Court of Justice, Chancery Division, Companies Court
Case no. 6507 of 2014

Phones4U Finance plc

High Court of Justice, Chancery Division, Companies Court
Case no. 6506 of 2014

MobileServ Limited

High Court of Justice, Chancery Division, Companies Court
Case no. 6511 of 2014

Phosphorus Acquisition Limited

High Court of Justice, Chancery Division, Companies Court
Case no. 6508 of 2014

Policy Administration Services Limited

High Court of Justice, Chancery Division, Companies Court
Case no. 6504 of 2014

(all in administration)

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1. Key messages

As required by insolvency legislation, this is our seventh report to creditors providing an update on the progress of the administrations of the Companies (as defined below). This report provides a high-level overview of the key matters in each case and does not attempt to report fully on the detail and extent of our work. The key messages for the various stakeholders are set out below.

Customers of Phones 4U Limited

The website at www.pwc.co.uk/phones4u contains all the information and contact details for previous and existing customers. If you are a customer (or previous customer), you have received this report because you may be a creditor. This may arise if you are owed cashback or free gifts (such as tablets or watches); or if you had an unfulfilled phone order (e.g. iPhone 6). The fact that you have received this report does not necessarily mean that you are a creditor and any claims of this nature, if not already submitted, should be made against Phones 4U Limited. Details of how to lodge a claim are set out below.

Creditors

If you are a creditor and have not already done so, please submit a claim form (which is available on the above website) in respect of amounts owed at the time of our appointment, in order to lodge your claim for dividend purposes. A copy can also be obtained by writing to the address below.

Contact details (for claim forms only): Phones 4U, c/o PwC, Central Square, 8th Floor, 29 Wellington Street, Leeds, LS1 4DL

Employees

If you are a former or current employee, you have received this report because our records show that you may be owed money by Phones 4U Limited in relation to the period prior to our appointment. If so, please submit a claim (as explained above) if you haven't done so already or alternatively, contact us at phones4u.employees@uk.pwc.com, if you have any questions.

We have paid the 'preferential' element of former employees' claims in full. Unclaimed preferential dividends have been passed to the Insolvency Service. Any former employees who did not cash their preferential dividend cheques should therefore contact the Insolvency Service on 0121 698 4268.

The balance of any amounts owed to former employees will rank as unsecured claims which are dealt with separately. Further information is provided in Section 5.6.

Noteholders

The holders of the £430,000,000 9.500% senior secured notes ("the Notes") due 2018 ("the Noteholders") are expected to have the primary economic interest in the progress of the Companies' administrations. An informal committee ("the Committee") consisting of certain Noteholders was formed in October 2014 for the purposes of consulting with us in relation to various issues arising in the administrations of the Companies. We communicate regularly with the Committee, in addition to public calls and releases of information on PwC's dedicated website.

Contact details: phones4u.bondholders@uk.pwc.com

Distributions

We made two interim distributions to the Noteholders in the period totalling approximately £90m. In aggregate, some £133m (equating to 31% of the Noteholders' principal claims) has been distributed. We continue to believe it is unlikely that there will be sufficient realisations to pay the principal outstanding on the Notes in full. Please refer to Section 5.6 for further details.



There is the prospect of a dividend being paid to unsecured creditors of certain (but not all) of the Companies from the ring-fenced prescribed part fund. However, due to the estimated significant level of total claims, any dividend is likely to be very small and the timing is as yet unconfirmed. Please refer to Section 5.6 for further details.

Commercially sensitive matters

In Section 5.1 we explain what we are doing to realise the assets and deal with the liabilities of Phones 4U Limited. Although we have reflected the receipts to 20 January 2018, consistent with previous reports we have not disclosed the future estimated realisable value for MNO receivables as to do so would be to disclose potentially commercially sensitive information and may prejudice the value of realisations in the administration. We have not included any expenses in relation to the MNO receivables work stream within our estimated outcome calculations (see Section 10), except to the extent that PwC and third party costs have been incurred to 20 January 2018.

The same approach has been taken in respect of our investigatory work, from which no prospective income has been assumed and no associated costs have been reflected, except to the extent that PwC and third party costs have been incurred to 20 January 2018.

In line with previous reports and consistent with legal advice obtained, our estimates of dividend prospects do not include these significant items referenced above and the actual dividend outcomes may be materially different. Therefore, our estimates of dividend prospects should be treated with caution.

2. Abbreviations used in this report

"the Companies"	Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited, Policy Administration Services Limited
"the Group" or "Phones 4U"	the above Companies together with 4U Limited, 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited and Phosphorus Holdco plc (see www.pwc.co.uk/phones4u for details of insolvency procedures affecting these companies).
"the Administrators", "Joint Administrators" or "we"	David James Kelly, Ian David Green and Robert John Moran in respect of Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited. Douglas Nigel Rackham and Ian David Green in respect of Policy Administration Services Limited
"Aon"	Aon Insurance Managers Isle of Man Limited
"FCA"	Financial Conduct Authority
"FOS"	Financial Ombudsman Service
"HMRC"	HM Revenue & Customs
"ICAEW"	Institute of Chartered Accountants in England and Wales
"IA86"	The Insolvency Act 1986
"IR16"	The Insolvency (England and Wales) Rules 2016
"ING"	ING Bank N.V.
"LoC"	Letter of credit
"LGI"	London and General Insurance Company Limited
"Lloyds"	Lloyds Bank Plc
"LSG"	Lifestyle Services Group Limited
"MNO"	Mobile Network Operator
"Notes"	£430,000,000 9.500% senior secured notes due 2018 issued by Phones4U Finance plc, listed on the Irish Stock Exchange
"Noteholders"	Holders of the above Notes
"P4U"	Phones 4U Limited
"P4UC"	Phones 4U Care Limited
"PAS"	Policy Administration Services Limited
"Proposals"	The Administrators' statement of proposals for achieving the purpose of the administrations, dated 6 November 2014
"PwC"	PricewaterhouseCoopers LLP
"RCF"	Revolving credit facility
"VAT"	Value added tax

3. Introduction

We previously wrote to all known creditors to give notice that we were appointed administrators of certain companies in the Phones 4U group, as summarised below:

Company	Date of appointment
Phones 4U Limited *	15 September 2014
Phones 4 U Group Limited *	15 September 2014
Phones4U Finance plc *	15 September 2014
MobileServ Limited *	15 September 2014
Phosphorus Acquisition Limited *	15 September 2014
Policy Administration Services Limited *	16 September 2014
4U Limited (now dissolved)	15 September 2014
4U Wi-Fi Limited	15 September 2014
Jump 4U Limited	15 September 2014
Life Mobile Limited	15 September 2014
Phosphorus Holdco Plc	8 October 2014

This progress report covers only the six Companies contained within a common security structure (all indicated by * above). Separate reports will be issued to the creditors of 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited (all now in liquidation) and Phosphorus Holdco Plc (which remains in administration), as they are outside of the security structure.

In accordance with Rule 18.6 IR16, we write to provide creditors with details of the progress of each administration in the six months to 20 January 2018.

We refer you to our Proposals for an explanation of why the Companies were put into administration and how the purpose of each administration is expected to be achieved. Subsequent progress reports explained the progress in each case since our appointment. These reports continue to be available on our website at: www.pwc.co.uk/phones4u, the content of which is not repeated here unless considered beneficial or necessary for the purposes of this update.

We anticipate that our next report will be circulated in approximately six months' time.

Yours faithfully
For and on behalf of the Companies



Ian Green, Joint Administrator

David James Kelly, Ian David Green and Robert John Moran have been appointed as Joint Administrators of Phones 4U Limited, MobileServ Limited, Phosphorus Acquisition Limited, Phones 4 U Group Limited and Phones4u Finance Plc to manage their affairs, business and property as agents without personal liability. Douglas Nigel Rackham and Ian David Green have been appointed as Joint Administrators of Policy Administration Services Limited to manage its affairs, business and property as agents without personal liability.

All are licensed in the United Kingdom to act as insolvency practitioners by the ICAEW. The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administrations. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

4. Summary of the possible outcome for creditors

The table below provides a summary of the possible outcomes for the various classes of creditors, based on current information and excluding potential future realisations from MNO receivables, potential realisations from ongoing investigations and certain associated costs of each work stream. An estimated financial outcome statement is provided in Section 10. Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision.

	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Estimated recovery for secured creditors (creditors with security in respect of their debt, in accordance with Section 248 IA86)						
Estimated total debt:	£19,810,000	RCF				
	£430,000,000	Notes				
Estimated % recovery for secured creditors :	100%	for the RCF lenders and between 46% and 48% for the Noteholders (on the basis set out in Section 5.6 and in 'Commercially sensitive matters' in Section 1 above).				
Forecast timing:	The timing and quantum of any further distributions remains uncertain and is dependent on the matters set out in Section 5 of this report, most notably the progress of the investigations and MNO receivable work streams.					
Estimated dividend prospects for preferential creditors (for unpaid wages up to £800 and holiday pay only, and unpaid pension contributions in certain circumstances)						
Amount owed to preferential creditors:	£1.7 million	Note 1				
Estimated % recovery for preferential creditors:	100%	Note 1				
Forecast timing:	Paid	Note 1				

Note 1 All employees were contracted with Phones 4U Limited.

	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Estimated dividend prospects for unsecured creditors (creditors who are neither secured nor preferential)						
Amount owed to unsecured creditors: (as per the statement of affairs)	£168,069,816	£69,220,516	£92,428,369	£801,796,910	£561,308,251	£44,220,422
Estimated % recovery for unsecured creditors:	Less than 0.4%	Nil	Nil	Less than 0.1%	Nil	Less than 1.4%
Forecast timing:	12 months +	Nil	Nil	6 – 12 months (see Section 5.6)	Nil	6 months * (see Section 5.6)

Note that the level of unsecured claims as per the statement of affairs will increase by £37.4m across all companies except for PAS as a result of the resolution of the VAT issue outlined in Section 5.1.

(*) In respect of PAS, subject to agreement of the largest, most complex claim, we anticipate making a distribution within six months (see Section 5.6 for further details).

Where dividends are possible, these are only expected to arise from the ring-fenced funds under the 'prescribed part' provisions of the IA86. We explain further in Section 5.6.

Unsecured creditors are encouraged to submit a claim (if not already done so), but should note that prior to being able to finalise the claims value and declare a distribution to the unsecured creditors, there are a number of matters that are required to be addressed. Further details are provided in Section 5.6.

5. Progress in the period

In this section we focus on progress in the period covered by this report and only repeat details from our previous reports where necessary or beneficial for the purposes of this update. Therefore, creditors may wish to read this section in conjunction with our previous reports.

Collectively these administrations are large and complex and therefore we have only provided an update on the significant areas of our work, those matters likely to affect the outcome for creditors and key ongoing matters and future work. Our progress is also illustrated in the enclosed receipts and payments accounts for each Company in Section 8.

The following is a summary of our work in the period across the administrations:

- Payment of the second and third interim distribution to the Noteholders of, in aggregate, £133,300,000 in respect of their secured claims (equating to 31% of the Noteholders' principal claims);
- Finalising matters with HMRC in respect of the VAT liabilities affecting the Phones 4u Limited VAT group outlined in Section 5.1, following extensive correspondence with HMRC and their acceptance of the Administrators' interpretation of the VAT liabilities;
- Continued collection of MNO receivables;
- Progressing our strategy and continuing legal proceedings in relation to certain MNO receivables;
- Application to Court for and obtaining summary judgment in relation to MNO receivables outlined in Section 5.1;
- Finalising an application to Court and obtaining approval for an extension of the administrations;
- Continued pre-action correspondence with third parties as a result of investigations by the Administrators;
- Continued surrender of property leases;
- Resolving the legacy trading issues such as winding down the property portfolio;
- Continued trading of the PAS business;
- Progressing the unsecured claims agreement process in preparation for a prescribed part distribution in PAS; and
- Planning for an exit of the PAS business.

For more detailed background on these issues, please refer to our previous progress reports.

5.1 Phones 4U Limited

Sale and wind-down of store network

During the period we have managed the surrender of 15 properties either through negotiations with landlords or operation of law. Our legal advisors have issued surrender letters to the landlords of the remaining 30 properties and we await their response.

MNO Receivables

P4U remains entitled to be paid amounts in respect of underlying customer contracts procured by P4U for the MNOs, hereby referred to as "MNO receivables". Total receipts in the period 21 July 2017 to 20 January 2018 are £20.6m as seen in the enclosed receipts and payments account in Section 8.



The process for calculating and agreeing the MNO receivables balance due from each MNO is complex. We continue to work closely with the former senior management and employees of P4U, for among other things, the management of the MNO contracts and the provision of professional advisory services to P4U for the purpose of collecting the MNO receivables over time.

Work continues to be performed by us and the former employees to construe the relevant calculation provisions of the MNO contracts, to quantify the current financial position and projected value of outstanding MNO receivables based on customer behaviour.

Former P4U senior management and employees have a commission-based programme in place to incentivise them to maximise recoveries. During the period covered by this report, commission amounts have accrued in line with the MNO receipts discussed above. Throughout the period, there were two team members assisting with the collection of MNO receivables.

We anticipate that substantial further payments will be received under the MNO contracts during the course of the administration. As previously reported, litigation has been commenced against one MNO seeking recovery of amounts which we consider are due. In response, the MNO asserted that it had substantial counterclaims against P4U. We considered that these counterclaims were without merit and, for this reason, we applied for summary judgment with a view to dismissing the MNO's primary counterclaim.

Following a hearing in December 2017, the High Court gave summary judgment in favour of P4U and dismissed the MNO's primary counterclaim with a consequent order for costs.

The MNO has applied for permission to appeal. However, it is not yet clear whether permission will be granted. If it is granted, there may be further delay to resolution of this matter.

We will provide an update on this matter in our next progress report.

VAT liabilities

We previously reported that there remained a significant VAT issue related to financing arrangements entered into by P4U in June 2013 and September 2013 which involved Trade Bill Discounting Facility Agreements between P4U and Barclays.

At the time of our previous report, we stated that, although outside the period of that report, HMRC had accepted our interpretation and arguments, and confirmed to us that the VAT liability ranks as a provable claim and not as an expense.

Accordingly, we will administer the assets of the estates on that basis and this continues to be reflected in this progress report (including the estimated outcome statement). We can confirm that we have now taken the necessary steps to discontinue the directions application referred to in our previous report. Part of the reserve amount held for this VAT issue was released as part of the aggregate distributions to the Noteholders made during the period.

Investigations

As part of our duty to investigate what assets are available to the Companies, we consider what potential claims against third parties exist. We appointed the law firm Quinn Emmanuel Urquhart & Sullivan LLP to assist us in our investigations in this area, which remain ongoing.

Pre-action correspondence has been issued to potential defendants and we continue to actively progress these claims. The nature of these third party claims is commercially sensitive and confidential, as such we do not think it would be appropriate to disclose any further information at this stage.

5.2 Policy Administration Services Limited

PAS is a FCA authorised insurance intermediary that sold mobile phone insurance to the public on behalf of its underwriter LGI. On appointment, there were approximately 800,000 policyholders of which approximately 75% had a Phones 4U Care policy and approximately 25% had a Premierplan policy. All policies are automatically renewed on a monthly basis and customers can cancel these at any time.

Trading

We are pleased to report that the PAS business continues to perform well overall and has exceeded our forecast. The customer base has declined more slowly than expected to approximately 167,000 policyholders as at the end of December 2017, of which approximately 96,000 have a Phones 4U Care policy and approximately 71,000 have a Premierplan policy. The cost of claims has been slightly below our forecast. We continue to expect the customer base to reduce steadily until March 2019. The policies of a large number of Phones 4U Care policyholders will reach their maximum five year duration from March 2019 onwards, resulting in significant attrition thereafter. This has been factored into the estimated financial outcome statement (see Section 10).

We have adopted strategies to promote the longevity of the business including:

- a) Allowing policyholders to switch between Premierplan and Phones 4U Care policies; and
- b) Absorbing increases in IPT costs, as passing them on to policyholders may have resulted in increased cancellations, which would be disadvantageous to the scheme.

All policies automatically renew on a monthly basis until they are cancelled by customers. We send policyholders annual reminder letters to check that they continue to need their policy. This is in accordance with industry 'best practice' to ensure that customers are treated fairly.

We contacted all customers during the autumn of 2017, sending hard copy letters to all Premierplan customers. Hard copy correspondence is generally thought to come to policyholders' attention better than email, thereby flushing out any potential issues sooner. However, a relatively low disconnection rate was subsequently observed, demonstrating the effectiveness of the annual contact strategy to date and suggesting that customers are generally satisfied with the policies and the service they receive. In 2018, we will contact all Premierplan and Phones 4U Care policyholders again by hard copy letter.

We continue to monitor the supply chain to ensure that the service provided by LSG is as efficient and cost effective as possible. PAS continues to benefit from LSG's supply chain relationships, particularly in securing Apple stock at favourable prices.

A Board meeting was held with the underwriter (LGI) in November 2017, where a full report was given in respect of the operation of the PAS scheme. No concerns were raised by the underwriter. We continue to produce detailed monthly management information reports for the underwriter to enable them to meet their regulatory obligations.



Discussions with LSG have continued in the period to plan for a smooth exit of the business once it is no longer viable for PAS to continue trading. Our current thinking is that we will provide customers with notice of termination at the appropriate time, but also offer them the opportunity to obtain a new policy with another provider. This gives continuity to those customers who want it. We will make suitable arrangements for late claims and termination of all third party relationships.

LSG is part of the Assurant Inc. group ("AIZ"), a US listed insurance holding company. On 18 October 2017, AIZ announced that it will acquire TWG Holdings Limited (LGI's US parent company) and its subsidiaries. The transaction is expected to close in the second quarter of 2018, subject to regulatory and other customary closing conditions. Should the acquisition proceed as planned, it should ensure greater flexibility in the operation of the PAS scheme, in particular, when it comes to closing out the business.

Asset realisation

We estimate the business will generate a net profit of approximately £45m to £48m over the period from the date of administration to March 2020 (before tax, legal and Administrators' fees, and payment of the prescribed part to unsecured creditors). This estimate is highly sensitive to policy cancellations.

Regulatory update

PAS continues to be authorised and regulated by the FCA for insurance mediation activities and manages customer claims and complaints processes on behalf of the underwriter LGI.

We continue to monitor and regularly audit these processes and have identified no major or systemic risk in the way the outsourcer handles customers' policies. PAS receives very few complaints and the FOS upheld rate of PAS complaints during the last 12 months is 12% (four cases), which compares very favourably to the industry norm of approximately 40% for mobile phone insurance.

The Insurance Distribution Directive ("IDD") will be implemented on 23 February 2018, with firms required to comply with the legislation by 1 October 2018. As PAS's insurance policies are rolling monthly contracts, and no new sales are being made, the majority of the IDD rules do not apply. However, new documentation will need to be sent to customers who switch policy. The terms and conditions booklets will be updated due to the introduction of the Insurance Product Information Document.

Work is progressing, together with LSG, to ensure PAS complies with the General Data Protection Regulation ("GDPR") legislation by the implementation date of 25 May 2018. The rules and guidance are not yet in final form and are subject to the outcome of various consultations. PAS will be amending systems and processes to ensure the new requirements are met.

We continue to monitor regulatory changes impacting the market.

Subsidiary

PAS is the parent company of a captive reinsurer in the Isle of Man, P4UC, which reinsures the insurance business. Aon became the captive manager of P4UC from 1 July 2016 and continues to operate in accordance with the management agreement, which was amended in December 2017, primarily to incorporate the additional responsibilities required under the local "Beneficial Ownership Act 2017".

A board meeting of P4UC was held in November 2017 when a full report of the business was given and the independent directors continue to be satisfied with trading and governance arrangements.

In previous years a detailed internal audit has been conducted, with the most recent one completed for the year ended 31 December 2016. In order to remain proportionate to the size and nature of P4UC's operations, it has been agreed with the directors that a "desk-top" review to update the 2016 report for 2017 will be conducted during the next reporting period. A similar approach is expected to be adopted for 2018. After this period, depending on the progress of the insurance programme run-off, further consideration will be given to the internal audit work required at that time.

During the period, following the resignation of the incumbent, a new external auditor was proposed to and approved by the Isle of Man Financial Services Authority, following a tender process. The new auditor will conduct the review of the 2017 annual accounts.

We have agreed with the board of P4UC that the solvency buffer held by the captive will remain at £1.1m.

As at 20 January 2018, some £31.2m has been paid in dividends from P4UC to PAS, of which £3.6m was paid during the period.

5.3 Other companies

In earlier sections we have provided details of the main trading companies. We set out below further information on the other Companies that are subject to this report, including the following summary of asset realisations to date.

During the period, the only asset realisations were interest of £3,481 and £9 in MobileServ and Phosphorus Acquisition Limited respectively.

Asset realisations (£'000s)	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Phones 4 U Group Limited
Cash at bank (Sterling account)	5	4,020	69	-
Cash at bank (currency account)	-	726	-	-
Investments	-	445	-	-
Interest received	-	271	1	-
Total realised	5	5,462	70	-

We previously reported that in February 2014, certain directors or members of the senior management team entered into loans with MobileServ Limited. The purpose of the agreement was to provide funding for the directors to acquire shares in Phosphorus Jersey Limited (the Group's parent company). To date we have not agreed an early repayment with any of the counterparties, which fall due for payment in 2019.

According to company records, there are a number of inter-company unsecured creditor claims. To the extent that these claims can be substantiated and are agreed, this could result in realisations of up to £300k in Phosphorus Acquisition Limited and £16k in MobileServ. These estimates are based on the directors' statement of affairs and are therefore subject to change.

We are reviewing the inter-company unsecured claim position across the Group, with a view to submitting the relevant unsecured claims shortly.



Aside from the above, there are no further known assets to realise in any of these four companies. The administrative ease of all Companies exiting administration concurrently will result in some benefit to creditors through the likely cost savings (as compared to piecemeal exits) and therefore we believe that each of these four companies should remain in administration for the time being.

We will bring these administrations to an end as soon as it is possible and appropriate to do so, bearing in mind any benefits to the wider Group for them continuing in administration under our control.

5.4 Secured creditors

As previously reported, the RCF lenders relied upon set-off, pro-rata sharing and reinstatement provisions under the finance documentation to effect a series of set-offs. The effect of this process was that the RCF lenders have been fully repaid (except for a nominal sum), in effect leaving only the Noteholders as secured creditors with balances outstanding in the administrations. We provide an update of the outcome for Noteholders in Section 5.6.

We have previously reported that during the set off process the Security Trustee exercised its right under the inter-creditor agreement to withhold funds in order to indemnify itself. In total at 20 January 2018, the Security Trustee held approximately £2m (less certain legal and trustee fees) and a further £1m is held on trust by GLAS Trust Corporation Limited in relation to potential claims of the Senior Note Trustee.

We expect that all retained funds (net of any legal and trustee fees) will be returned to the secured creditors, but have reflected the risk that £2m is required to be used to fund any future claims in our lower case estimated financial outcome statement (see Section 10).

5.5 Administrators' remuneration

We have now drawn fees up to 31 August 2017 in respect of PAS and 30 November 2017 in respect of P4U and these fees are shown in the receipts and payments accounts in Section 8. Fees for all other Companies are being drawn on an ad-hoc basis and only where there are sufficient funds available.

Further information on our remuneration policy, together with all information and analysis required by Statement of Insolvency Practice No.9 and insolvency legislation is set out in Section 7.

Section 7 includes an estimate of the time costs that we expect to be incurred in the future as we continue to progress the outstanding matters in the administrations (as set out in Section 5). It is these matters that determine our future cost estimates. In addition, there are certain ongoing matters (such as statutory matters and accounting and treasury functions) that will continue on each administration until they come to an end. As noted elsewhere in this report, we have not included any expected future costs in relation to MNO receivables and investigatory work.

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing.

Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>



A copy may also be obtained free of charge by telephoning Katharyn Froggett on +44(0)113 289 4155.

5.6 Outcome for creditors

Secured creditors

As previously mentioned, we consider that the Noteholders are the stakeholders with the primary economic interest in the realisations made in the administrations of the Companies.

Although we remain of the view there will be insufficient funds to repay the Noteholders in full, the range of estimated outcomes for the Noteholders has increased to between 46% and 48% (from 42% to 44% in our previous progress report). We provide our estimated financial outcome statement in Section 10.

Consistent with our previous progress reports, we have not disclosed the estimated future realisable value from MNO receivables nor any potential future recoveries from our investigatory work, as to do so would be to disclose potentially commercially sensitive information and may prejudice the value of realisations in the administrations of the Companies. Similarly, office holder, legal and other professional fees incurred to date with regards to the MNO receivables and investigatory work have been incorporated, but potential future costs have not been forecast.

We have now made three interim distributions totalling 31% of the Noteholders' principal claims, of which two interim distributions were made during the period of this report totalling £90m representing 21% of the Noteholders' principal claims.

Estimated dividend prospects

Unsecured creditors

As outlined in our previous reports, the prescribed part applies in each of the Companies and we outline below what we believe the dividend prospects may be for each of the Companies. These are unchanged from our previous reports.

Company	Dividend likely?	Estimated prescribed part fund	Estimate of unsecured claims *	Dividend prospects
Phones 4U Limited	✓	£600k	£168m	Less than 0.4%
Policy Administration Services Limited	✓	£600k	£44m	Less than 1.4%
MobileServ Limited	✓	£600k	£802m	Less than 0.1%
Phosphorus Acquisition Limited	✗	Nil	£561m	Nil
Phones4U Finance plc	✗	Nil	£92m	Nil
Phones 4 U Group Limited	✗	Nil	£69m	Nil

* Based on directors' statement of affairs. Note that the level of unsecured claims will increase issue by £37.4m across all companies except for PAS as a result of the resolution of the VAT issue outlined in Section 5.1.



Where dividends are shown as likely, please note that this is only by virtue of a prescribed part fund. The expectation is that secured creditors will suffer a shortfall on their lending due to the considerable amounts owed to the Companies' secured creditors.

Dividend prospects are calculated by reference to the amount owed to unsecured creditors as stated in the directors' statement of affairs only, and do not take account at this stage of the costs associated with agreeing claims and distributing the prescribed part fund. In addition, as a result of the resolution of the VAT issue outlined in Section 5.1, the level of unsecured claims across all companies except for PAS will increase by £37.4m. The estimates are therefore subject to change and should be treated with caution.

Work has commenced to review the unsecured claims in P4U, PAS and MobileServ, and unsecured creditors are encouraged to submit a claim (if they have not already done so). Prior to being able to finalise the claims value and declare a distribution to the unsecured creditors, there are a number of matters that are required to be addressed.

In respect of PAS, work is well progressed in identifying creditors and determining the value of claims, with a number of smaller claims being adjudicated during the period. However, HMRC has recently amended its large and complex claim in respect of corporation tax. The amended claim is in the process of being adjudicated and subject to its agreement, we anticipate making a distribution to unsecured creditors within the next six months.

With regards to P4U, work has commenced on identifying creditors and considering our claims agreement strategy. This work stream has been placed on hold until the position regarding certain large creditors is known, including the counter-claim from an MNO referred to in Section 5.1 above.

With regards to MobileServ, we are now in a position to begin reviewing and adjudicating on unsecured creditor claims with a view to paying the prescribed part as soon as possible. We currently estimate that we may be in a position to pay a dividend to unsecured creditors of MobileServ in the next six to twelve months, subject to the response time of counter-parties.

5.7 What we still need to do

We provide below an overview of the key matters to be concluded before the administrations can be brought to end. Note, we have only included the significant areas of work and therefore this is not an exhaustive list.

Company	What we still need to do
Phones 4u Limited	<ul style="list-style-type: none"> • Collect the MNO debtor and pay the associated commissions due. • Conclude on our investigatory work. • Agree claims and distribute the prescribed part fund to unsecured creditors. • Finalise tax and VAT matters and obtaining clearance from HMRC. • Further and final distributions to Noteholders.
Policy Administration Services Limited	<ul style="list-style-type: none"> • Facilitate ongoing trading and implement the current strategy to maximise realisations from the company's assets, being principally a long-term customer run-off scenario expected to last for at least the next two years. • Agree claims and distribute the prescribed part fund to unsecured creditors. • Formulate an agreed closure plan with all stakeholders, including LSG, LGI, P4UC and the regulators. • Finalise tax and VAT matters and obtaining clearance from HMRC. • Further and final distributions to Noteholders.
MobileServ Limited	<ul style="list-style-type: none"> • Realise directors' loans that are due for repayment in 2019. • Agree claims and distribute the prescribed part fund to unsecured creditors. • Deal with ongoing statutory and compliance, tax and VAT matters until such a time that the administrations can be brought to an end. • Finalise tax and VAT matters and obtaining clearance from HMRC.
Phones 4 U'Group Limited	<ul style="list-style-type: none"> • Realise any inter-company loan assets from group companies.
Phones4u Finance plc	<ul style="list-style-type: none"> • Deal with ongoing statutory and compliance, tax and VAT matters until such a time that the administrations can be brought to an end.
Phosphorus Acquisition Limited	<ul style="list-style-type: none"> • Finalise tax and VAT matters and obtaining clearance from HMRC.

5.8 Extension of the administrations

As noted in our previous report, we made an application to Court on 5 June 2017 to request an extension of the administrations of the Companies to 15 March 2020. We can confirm that this extension was granted pursuant to a Court order in September 2017.

5.9 Ending the administrations

The administrations are separate insolvency processes and therefore may end at different times and in different ways depending on the circumstances in each case. Each administration will be brought to an end once its purpose has been achieved, our work has been completed and statutory obligations fulfilled.

As a result of the *Small Business, Enterprise and Employment Act 2015* coming into force, we will need to distribute the prescribed part funds (where they arise) prior to the end of each administration.



5.10 Discharge from liability

As we were appointed by the Court on an application of the directors of the Companies, we will need to apply to Court to obtain discharge from liability in respect of our actions as joint administrators. We have yet to seek such approval but intend do so in due course and at the appropriate time.

5.11 Next report

We anticipate that we will circulate our next report to creditors in approximately six months, or earlier if any administration is capable of being concluded in the meantime.

6. Statutory and other information relating to the administrations

Registered name:	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Trading name:	Phones4U, Dialaphone					
Court details:	High Court of Justice, Chancery Division, Companies Court					
Court reference:	6516 of 2014	6507 of 2014	6506 of 2014	6511 of 2014	6508 of 2014	6504 of 2014
Registered number:	03154198	04943837	07552754	05863265	07405102	03907386
Registered address:	Central Square, 8 th Floor, 29 Wellington Street, Leeds, LS1 4DL					
Appointment date:	15 September 2014	15 September 2014	15 September 2014	15 September 2014	15 September 2014	16 September 2014
Administrators' names and addresses:	David James Kelly and Ian David Green of PwC, 7 More London, Riverside, London, SE1 2RT Robert John Moran of PwC, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT					Douglas Nigel Rackham and Ian David Green (both of the London address shown on the left)
Extensions to the administrations:	Extension granted by the Court to 15 September 2017 Further extension granted by the Court to 15 March 2020					
Objective being pursued:	Objective (b) or (c) - achieving a better result for the company's creditors as a whole than would be likely if the company was wound up (without first being in administration) or realising property in order to make a distribution to one or more secured or preferential creditors.					
Appointor's/applicant's name and address:	Court order following an application by the directors of each company, based at Osprey House, Ore Close, Lymedale Business Park, Newcastle-under-Lyme, Staffordshire, ST5 9QD.					
Split of the Administrators' responsibilities:	In relation to Paragraph 100(2) Sch.B1 IA86, during the period for which the administration order is in force any act required or authorised under any enactment to be done by either or all of the Administrators may be done by any one or more of the persons for the time being holding that office.					

7. Administrators' remuneration and disbursements

7.1 Office holders' charging policy

The time charged to the administrations is by reference to the time properly given by the Administrators and various grades of their staff in attending to matters arising.

It is our policy to delegate tasks in the administrations to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost-effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Administrators themselves.

7.2 Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of staff actually or likely to be involved on these assignments. Time is charged by reference to actual work carried out on these assignments. There has been no allocation of any general overhead costs. The rates for the Administrators and their staff are our normal rates for complex assignments.

Specialist departments within our firm such as tax, VAT, property and pensions may charge time to these assignments if and when we require their expert advice. Such specialists' rates vary but the figures below provide an indication of the maximum rate per hour.

All staff who work on these assignments (including cashiers, support and secretarial staff) charge time directly to these assignments and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on these assignments in six minute units. The minimum time chargeable is three minutes (i.e. 0.5 units).

In common with all professional firms, the scale rates used may periodically rise (for example to cover annual inflationary cost increases) over the period of the administrations. The following tables show the applicable rates for the periods from 1 July 2017.

With effect from 1 July 2017	Administrators' and their staff	Specialist staff
	Rate per hour (£)	Maximum rate per hour (£)
Partner	865	1,445
Director	760	1,210
Senior Manager	575	1,230
Manager	495	735
Senior Associate (qualified/consultant)	412	545
Senior Associate (unqualified)	304	-
Associate	258	270
Support staff	129	160

Hourly rates quoted are exclusive of VAT.

Any material amendments to these rates will be advised in our next report to creditors.

7.3 Payments to associates

We have made no payments to associates in the period covered by this report.

7.4 Narrative of work undertaken

Later in this section we have included tables showing our time costs from 21 July 2017 to 20 January 2018 by grade of staff and area of work for the period covered by this progress report. The following table provides further narrative on the key areas of work during the period.

Area of work	Work undertaken during the period and why this work was necessary	What financial benefit the work provided to creditors or whether it was required by statute
Strategy & planning	<ul style="list-style-type: none"> Oversight of case progression and strategic decisions by appointment takers and other project management. Budgeting and cost analysis. Team strategy and progress meetings. Liaising with key stakeholder groups. Preparing various forecasts, including but not limited to; cash flows, outcome statements and financial model analysis. Liaison with legal and other advisors regarding ongoing matters in the administrations. Consideration of strategic approach in dealing with complex and interrelated work streams and associated legal and financial input and analysis. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Ongoing planning for the closure of the PAS scheme. <p>This work was necessary for planning and project managing the many different work streams.</p>	Assist in the efficient, structured and timely management of the administrations, leading to a faster completion and return to creditors.
Trading	<p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Monitoring of the insurance business, it's trading activities and claims handling processes on a daily basis. Monitoring performance of LSG customer call centres on a daily basis. Reviewing data, analytics and all management information. Attending monthly board meetings with the LSG PAS team to discuss the strategy and progress of the scheme. Monthly operational meetings with LSG to discuss performance. Reviewing service level agreements and qualitative metrics used to measure the outsourcer performance. Drafting and reviewing the addendum to the LSG contract in respect of stock fulfilment, cost savings, cash settlements and refunds and claims assessment. Reviewing claims referred to the FOS and identifying root causes. 	Maintaining profitability of the PAS business for the benefit of creditors.

Area of work	Work undertaken during the period and why this work was necessary	What financial benefit the work provided to creditors or whether it was required by statute
	<ul style="list-style-type: none"> Ongoing review of claims and complaints from policyholders so that systems and processes are improved. Reviewing product governance and compliance. Ongoing monitoring and planning for the agents used to handle customer claims and queries. Reviewing outsourcer staff remuneration and bonus incentives. Reviewing and agreeing text of the annual reminder letters to policyholders in respect of their cover. Monitoring compliance with IDD and GDPR rules. Project management and provisions of technical oversight with respect to IT upgrade and storage of customer information. Discussing and reviewing proposals put forward by LSG on the storage of customer information. Review of IT assets owned by PAS. Ongoing planning for closure of the PAS scheme. <p>This work is necessary for the ongoing successful and profitable trading of the PAS business, enabling us to monitor the activity of the PAS scheme and to determine its levels of profitability for forecasting and cost monitoring purposes. The work ensures that customers are treated fairly and PAS complies with regulatory requirements.</p>	
MNO Receivables	<ul style="list-style-type: none"> Summary judgment in defending against a certain MNO's counterclaim. Reviewing, assessing and collection of MNO receivable balances. Liaising with retained employees to quantify the current financial position and projected value of outstanding MNO receivables based on customer behaviour. Monthly meetings with our operational teams. <p>Due to the potentially material commercially sensitive nature of these investigations, we do not think it would be appropriate to disclose any further information.</p>	Enhanced asset realisations.
Investigations	<ul style="list-style-type: none"> Investigating potential claims against third parties. <p>Due to the potentially material commercially sensitive nature of these investigations, we do not think it would be appropriate to disclose any further information.</p>	Enhanced asset realisations.
Property	<ul style="list-style-type: none"> Liaising with landlords and their agents / solicitors regarding surrender of leases. Liaising with landlords and responding to queries. Working alongside our agents in order to manage utility costs. Maintaining our property files with progress against each store. <p>This work was necessary to negotiate with landlords and liaise with agents in order to reduce P4U's liabilities in respect of its property portfolio and utility costs.</p>	Mitigates claims against the administrations.

Area of work	Work undertaken during the period and why this work was necessary	What financial benefit the work provided to creditors or whether it was required by statute
Other assets	<ul style="list-style-type: none"> Liaison with our agents with regard to securing business rates refunds. Liaison with our insurance broker for the purpose of maintaining adequate ongoing insurance cover for assets and risks in the post-appointment period. Renewing of trademarks and domains and determining the most appropriate strategy for their treatment. Reviewing the position with regard to inter-company unsecured creditor claims within other group companies and submission of the relevant claims. <p>This work was necessary to ensure appropriate insurance of assets and to ensure that assets are properly dealt with.</p> <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Responding to queries to fulfil Aon compliance requirements. Providing guidance to ensure compliance with the Beneficial Ownership Act 2017. Attending board meetings with P4UC to oversee the running of the subsidiary. Reviewing and commenting on revised management agreement, ensuring P4UC's interests are protected. Reviewing the engagement letter with respect to the appointment of a new external auditor following the tender process. <p>This work was necessary to ensure that the captive is managed in accordance with the management agreement, thereby ensuring dividend payments to PAS are maximised.</p>	<p>Enhanced asset realisations and mitigates the risk of claims against the administration and loss of assets.</p> <p>Enhanced asset realisations because profits from the PAS business accumulate in P4UC and are paid to PAS by way of a dividend on a quarterly basis.</p>
Creditors & Committee	<ul style="list-style-type: none"> Facilitating the distribution of the second and third interim dividend to Noteholders. Planning and preparation of financial and operational information for creditors. Liaising with the informal creditors committee, and creditor trustees by way of calls, meetings and notices. Bondholder meetings planning, preparations and follow up. Responding to queries from stakeholder groups. Maintaining information on our dedicated website. Providing progress updates to the secured creditors. Formulating and delivery of our communications strategy. General creditor / customer calls and enquires. Internal planning and strategy discussion with regard to the prescribed part. Receiving incoming proof of debt forms from unsecured creditors Maintaining creditor claims database. Adjudicating on lower value creditor claims. 	<p>Provides information necessary to creditors (who have an economic interest in the outcome of the administration), both collectively and individually.</p> <p>Enables the distribution of the prescribed part.</p>

Area of work	Work undertaken during the period and why this work was necessary	What financial benefit the work provided to creditors or whether it was required by statute
	<p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Assessing unsecured creditor claims received by reference to the Statement of Affairs and third party documentation to enable adjudication of the claims and to ensure that the correct balances are captured for dividend purposes. Liaising with unsecured creditors to obtain necessary supporting documentation to support claim values. Liaising with group companies to reconcile intercompany balances. Adjudicating the revised large and complex HMRC claim. <p>This work was necessary to determine the value of creditor claims so that a distribution strategy may be determined and dividend payments made to creditors.</p>	
VAT liabilities	<ul style="list-style-type: none"> Preparing and submitting quarterly VAT returns to HMRC. Drafting other one-off VAT returns in preparation for submission to HMRC. Regular in-depth reconciliations of transactions for VAT purposes. Liaison with HMRC. 	Statutory and regulatory responsibilities.
Tax	<ul style="list-style-type: none"> Preparation and submission of post-administration tax returns. Liaison (internally and with HMRC) in order to agree HMRC's unsecured claim for all companies within the Group. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Filing tax returns and making quarterly payments on account. Calculating and paying income tax due on interest payments on customer refunds. Considering the tax efficiency of the PAS scheme. <p>This work was necessary to comply with our legal obligation to submit tax returns, to reach certainty on the post-administration tax position and to enable agreement of HMRC's unsecured claim.</p>	Statutory and regulatory responsibilities.
Employees	<ul style="list-style-type: none"> Calculation and payment of ongoing payroll. Responding to ad-hoc queries from former employees. Arranging for PAYE/NIC deductions to be paid to HMRC. <p>This work was necessary to comply with statutory and regulatory obligations.</p>	Statutory and regulatory responsibilities.
Pensions and benefits	<ul style="list-style-type: none"> Responding to members' queries on pension issues. Arranging for pension contributions to be paid over to Aegon group personal pension plan for those members who remain employed. <p>This work was necessary to comply with statutory and regulatory obligations.</p>	Statutory and regulatory responsibilities.

Area of work	Work undertaken during the period and why this work was necessary	What financial benefit the work provided to creditors or whether it was required by statute
Accounting and treasury	<ul style="list-style-type: none"> Dealing with general accounting and treasury functions including payments, receipts and journal postings. Dealing with ongoing payment of wages. Active management of cash holdings including placing regular money market investments to increase returns whilst ensuring credit risk is appropriately managed. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Collecting premiums and making refunds to customers and reconciliations to bank balance and cash flow. Transferring premiums to insurer account, including reconciliation and sign off from appointees. Liaising with Lloyds Bank regarding efficient and cost effective transfer of premiums. Operating finance functions, including bank account transfers and payment requisitions. <p>This work was necessary for preparing and authorising receipt and payment vouchers and carrying out bank reconciliations. For PAS, it ensures the correct allocation and accounting for premiums and refunds.</p>	<p>Ensures proper stewardship of the funds held.</p> <p>Ensures that funds are managed securely and that such funds are generating returns.</p> <p>Complying with statutory and regulatory duties regarding the holding and accounting for funds.</p>
Statutory and compliance	<ul style="list-style-type: none"> Preparing and submitting our witness statement and other documents relating to the extension of the administrations. Issuing statutory notices upon the granting of the extension of the administration. Preparing and issuing our sixth progress report to creditors. Planning for statutory deadlines and collation of requisite information. Maintaining case records and filing. Dealing with inbound post and other correspondence. Completing case management prompts on the case database. <p>This work was necessary to comply with our statutory responsibilities as administrators.</p>	Statutory and regulatory responsibilities.
Books and records	<ul style="list-style-type: none"> Liaising with third party storage providers in relation to company books and records that we have a legal obligation to maintain. <p>This work was necessary to ensure the proper stewardship of company books and records.</p>	Statutory and regulatory responsibilities.

7.5 Our future work

The following table provides a summary of the key areas of work on which we expect to focus in the coming months in order to achieve the purpose of the administrations. Note, we have only included the significant areas of work and therefore this is not an exhaustive list.

Area of work	Work we need to do	Estimated cost to 20 March 2020 (£m)	Whether or not the work will provide a financial benefit to creditors
Strategy & planning	<ul style="list-style-type: none"> Ongoing preparation of estimated outcome statements, budgets, forecasts and other financial reporting tools. In depth consideration of strategic approach in dealing with complex and interrelated work streams. Strategy meetings, decisions and project management by the appointment takers. Liaison with external advisors in relation to the various and complex work streams within the administration. Progression of ongoing matters within the administrations. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> In depth consideration of strategic approach in planning for a smooth exit of the business once it is no longer viable for PAS to continue trading. 	0.6	Assist in the timely, structured and efficient completion of the administration and return to creditors.
Trading	<p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Actively monitoring the insurance business, its activities and claims processes. Determining how best to promote the longevity of the scheme. Ongoing monitoring of the profit and loss and balance sheet, comparing forecast and actuals. Managing and updating communications to all policyholders. 	1.3	This will lead to a more profitable business and therefore a larger distribution to secured creditors.
Assets (including MNO receivables, investigations and other assets) *	<ul style="list-style-type: none"> Defence against the potential appeal brought by a certain MNO for the alleged counterclaim if leave is granted. Collection of the MNO debtors including pursuing legal action. Payment of commissions due. Active management of cash holdings, including placing regular money market investments to increase returns. Pursuit of potential claims against third parties. 	0.1	Enhanced asset realisations for the administrations.

Area of work	Work we need to do	Estimated cost to 20 March 2020 (£m)	Whether or not the work will provide a financial benefit to creditors
Property	<ul style="list-style-type: none"> Manage and reduce any liabilities we have with respect to the property portfolio including ongoing leases and utility payments. 	0.1	Mitigation of claims against the administrations.
Creditors and committee	<ul style="list-style-type: none"> Adjudicate on unsecured creditor claims then declare and pay a dividend from the prescribed part funds where possible. Respond to creditor enquiries. Arranging, preparing for and attending creditor committee meetings. When appropriate, declare and pay future interim and final distributions to secured creditors. 	1.0	Direct benefit to creditors through payment of distributions and provision of information.
VAT liabilities	<ul style="list-style-type: none"> Ongoing drafting and submission of quarterly VAT returns. <i>Reconciliation of the companies' VAT position on a regular basis to ensure transactions are correctly accounted for.</i> Liaison with HMRC as required. 	0.1	Statutory and regulatory requirements.
Tax	<ul style="list-style-type: none"> Drafting and submission of corporation tax returns. Ongoing liaison with HMRC. Agreement of HMRC's unsecured claim for dividend purposes. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Filing tax returns and making quarterly payments on account. Calculating and paying income tax on interest payments on customer refunds. 	0.2	Statutory and regulatory requirements and enables reaching certainty on the post-administration tax position.
Employees	<ul style="list-style-type: none"> Ongoing payroll functions in relation to the retained employees. Responding to ad-hoc queries from former employees. 	0.1	Statutory and regulatory requirements.
Accounting and treasury	<ul style="list-style-type: none"> Arranging payment of expenses of the administration when they fall due. Dealing with receipts and journals to maintain <i>accurate accounting records</i>. Actively monitoring and dealing with funds invested on the money markets. Carrying out periodic bank reconciliations. 	0.4	Ensures proper stewardship of the funds held. Management of the funds will generate greater recoveries for creditors.



Area of work	Work we need to do	Estimated cost to 20 March 2020 (£m)	Whether or not the work will provide a financial benefit to creditors
	<ul style="list-style-type: none"> Corresponding with the bank regarding specific transfers. 		
Statutory & compliance	<ul style="list-style-type: none"> Drafting and circulating progress reports to creditors. Ongoing compliance with regulatory requirements. Maintaining case files. Dealing with general correspondence and queries. 	1.3	Statutory and regulatory requirements.
Closure	<ul style="list-style-type: none"> Dealing with closure formalities. Obtaining tax and VAT clearances from HMRC. Obtaining clearances from external third parties with regard to commitments made during the administration. Closing down internal systems. 	0.4	Ensuring that the companies' affairs are wound down in an orderly manner.

** Costs relating to the MNO receivables and investigations work streams have been excluded from the forecast.*



7.6 Disbursement policy

Our firm's expenses policy allows for all properly incurred expenses to be recharged to the administrations. Disbursements are charged to the administrations as shown below.

SIP9 defines 'Category 2' expenses as those that are *"directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the office holder and their firm, and that can be allocated to the appointment on a proper and reasonable basis"*.

All other disbursements are 'Category 1' disbursements which are reimbursed at cost. SIP9 defines 'Category 1' disbursements as *"payments to independent third parties where there is specific expenditure directly referable to the appointment in question"*. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his staff.

A summary of other legal and professional firms instructed in the administrations is at Section 7.8 below.

A summary of the disbursements incurred from 21 July 2017 to 20 January 2018 is provided below.



Phones 4U Limited – in administration

Summary of disbursements incurred from 21 July 2017 to 20 January 2018

Category	Policy	15 September 2014 to 20 July 2017 (£)	21 July 2017 to 20 January 2018 (£)	Total to 20 January 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	18,666 24	68 23	18,734 47
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	30,092 99	-	30,092 99
1	PwC Legal LLP - time costs and disbursements. We negotiated a reduction in rates with the PwC Legal LLP. The reduced rates were applied from 11 February 2016 and are set out below with the previous rates included in brackets. This has resulted in a reduction in the period, to the expenses previously stated	467,619 91	-	467,619 91
	Partner	£395 (£495)		
	Senior Manager	£280 (£355)		
	Manager	£210 (£265)		
	Solicitor	£140 (£245)		
	Trainee Solicitor	£125 (£160)		
	In common with all professional firms, the scale rates used may rise periodically (for example to cover annual inflationary cost increases) over the period of the administration. Any material amendments will be advised to creditors in the next statutory report			
2	Specialist software usage			
	License fees - at £100 per month for each named user accessing the online review platform and £50 per Gigabyte of data processed	27,699 00	-	27,699 00
	Hosting - at £25 Gigabyte of data processed per calendar month	84,522 00	39,566 00	124,088 00
	We are in the process of determining the most appropriate and cost effective method of seeking approval for these costs, which may involve seeking approval from the secured creditors in due course			
1	All other disbursements reimbursed at cost			
	External venue costs	35,601 05	-	35,601 05
	Hotel accommodation	33,666 88	-	33,666 88
	Rail fares	26,432 95	523 00	26,955 95
	Air fares	40,766 93	3,123 77	43,890 70
	Postage	25,623 44	15,370 53	40,993 97
	Subsistence costs	8,631 55	-	8,631 55
	Taxi fares	6,837 25	-	6,837 25
	Mobile phone usage	1,933 77	-	1,933 77
	Other	15,793 48	497 27	16,290 75
	Total	823,887.44	59,148.80	883,036.24



Phones 4 U Group Limited – in administration

Summary of disbursements incurred from 21 July 2017 to 20 January 2018

Category	Policy	15 September 2014 to 20 July 2017 (£)	21 July 2017 to 20 January 2018 (£)	Total to 20 January 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	98 20	-	98 20
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	79 73	-	79 73
1	All other disbursements reimbursed at cost	312 99	-	312 99
Total		490.92	-	490.92

Phones4U Finance plc – in administration

Summary of disbursements incurred from 21 July 2017 to 20 January 2018

Category	Policy	15 September 2014 to 20 July 2017 (£)	21 July 2017 to 20 January 2018 (£)	Total to 20 January 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	-	-	-
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	85 26	-	85 26
1	All other disbursements reimbursed at cost	-	-	-
	Stock exchange listing fees	-	1,757 90	1,757 90
	Other	1,833 10	-	1,833 10
Total		1,918.36	1,757.90	3,676.26

MobileServ Limited – in administration

Summary of disbursements incurred from 21 July 2017 to 20 January 2018

Category	Policy	15 September 2014 to 20 July 2017 (£)	21 July 2017 to 20 January 2018 (£)	Total to 20 January 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	163 17	-	163 17
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	7 19	-	7 19
1	All other disbursements reimbursed at cost	585 24	-	585 24
Total		755 60	-	755.60

Phosphorus Acquisition Limited – in administration

Summary of disbursements incurred from 21 July 2017 to 20 January 2018

Category	Policy	15 September 2014 to 20 July 2017 (£)	21 July 2017 to 20 January 2018 (£)	Total to 20 January 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	99 00	-	99 00
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	7 19	-	7 19
1	All other disbursements reimbursed at cost	441 39	-	441 39
Total		547.58	-	547.58

Policy Administration Services Limited – in administration

Summary of disbursements incurred from 21 July 2017 to 20 January 2018

Category	Policy	16 September 2014 to 20 July 2017 (£)	21 July 2017 to 20 January 2018 (£)	Total to 20 January 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	218 98	-	218 98
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	3,118 98	-	3,118 98
1	All other disbursements reimbursed at cost			
	Rail fares	12,274 13	83 70	12,357 83
	Hotel accommodation	7,040 32	54 62	7,094 94
	Subsistence costs	2,504 48	607 00	3,111 48
	Taxi fares	2,049 03	6 00	2,055 03
	Car hire charges	1,485 92	-	1,485 92
	Air fares	551 64	-	551 64
	Other	1,526 61	373 75	1,900 36
Total		30,770.09	1,125.07	31,895.16



7.7 Financial benefit

As shown on the enclosed receipts and payments accounts, our work to date has generated recoveries (net of costs and excluding cash at bank on appointment) in the region of £114m for the benefit of all classes of creditors.

We explained in Section 5 of this report that a considerable amount of work is still required before these administrations can be concluded. We expect that this work will generate significant further realisations and minimise liabilities against the Companies, leading to our estimated recovery of 46% to 48% for the Noteholders (who are expected to have the primary economic interest in the progress of the Companies' administrations).

Our analysis in Section 7.11 includes time spent dealing with matters required by law or other regulation that do not necessarily or directly benefit the creditors financially. This work includes 'statutory and compliance' but also other work necessary for the orderly management of a company's affairs, such as tax and VAT returns and dealing with books and records.

7.8 Summary of legal and other professional firms

To date, we have instructed the following professionals and sub-contractors on these cases:

Service provided	Name of firm / organisation	Basis of fees
Business rates refund collections	CAPA	Commission
Business rates refund collections	Exacta Plc	Commission
Electronic data retrieval & removal	OCM Business Systems Limited	Time and expenses
Insurance broker	JLT Speciality Limited	Insurance policy cost
Lease assignments	Eversheds LLP	Time and expenses
Legal services	Shakespeares Legal LLP	Time and expenses
Legal investigation services	Quinn Emmanuel Urquhart & Sullivan LLP	Time and expenses
Legal services and advice	Allen & Overy LLP	Time and expenses
Legal services in relation to deeds	Knights Solicitors LLP	Time and expenses
Property consultants	Retail Agents 210 Limited	Time and expenses
Sale of leasehold properties agent	Prime Retail Property Consultants LLP	Commission
Utility management	GMS Legal Services Limited	Fixed fee per site
Employee legal services	PwC Legal LLP	Time and expenses
Property legal services	DLA Piper LLP	Time and expenses

Please note that the above table provides only a list of professionals and agents engaged by us on behalf of the Companies and does not seek to provide an exhaustive list of all suppliers used in the ordinary course of trading.



Our choice of the above legal and professional advisors was based upon our perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved in support of invoices rendered. We review third party costs to ensure they are reasonable in the circumstances of the case.

7.9 Business relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administrations where the relationship could give rise to a conflict of interest.

7.10 Sub-contractors

The table in Section 7.8 includes sub-contractors we have used on these cases where the work could have otherwise been done by ourselves. This principally relates to the business rates refunds and utility and property management work.

In the circumstances of the case we are satisfied that sub-contracting the work was more cost effective and therefore in the best interest of creditors.

7.11 Analysis of our time costs

The following tables provide further detail on the time spent on the various areas of work by the different grades of staff. For each company, we show (separately) the position for the period of this report, together with the cumulative position and estimated cost of our future work.

Phones 4U Limited – in administration

Analysis of time costs for the period 21 July 2017 to 20 January 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	50.30	-	77.65	27.65	106.00	9.00	0.70	271.30	145,494.30	536.29
Book debt realisations	-	-	2.25	-	13.50	-	-	15.75	7,311.75	464.24
Property	4.80	-	1.65	11.70	59.75	-	-	77.90	32,458.25	416.67
Other assets	7.90	44.60	8.85	3.50	18.50	-	-	83.35	54,254.75	650.93
MNO Receivables	86.60	-	166.50	23.45	93.00	-	0.45	370.00	222,620.75	601.68
Investigations	-	-	36.30	20.85	67.50	-	-	124.65	57,147.00	458.46
Trading	-	-	-	-	0.65	-	-	0.65	197.60	304.00
Accounting and treasury	4.60	-	5.60	15.80	136.75	35.40	-	198.15	71,262.00	359.64
Statutory and compliance	6.50	-	136.30	88.80	82.90	11.85	17.75	344.10	164,061.65	476.78
Employees & pensions	-	-	1.50	8.95	34.55	26.95	0.25	72.20	16,540.55	229.09
Creditors	-	-	158.70	49.50	293.25	11.60	1.50	514.55	228,177.30	443.45
Creditors committee	-	-	-	19.25	-	-	-	19.25	9,528.75	495.00
Tax	-	4.30	1.60	20.90	32.00	8.45	1.25	68.50	33,778.45	493.12
VAT	5.10	-	19.35	22.60	21.80	56.00	0.85	125.70	56,109.80	446.38
Books and records	-	-	-	-	0.95	-	-	0.95	288.80	304.00
Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	165.80	48.90	616.25	312.95	961.10	159.25	22.75	2,287.00	1,099,231.70	480.64

Phones 4U Limited – in administration
Aggregate time cost summary to 20 January 2018

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	3,312	1,811,966	547	1,200	381,923	2,193,889	486
Sale of business	932	497,953	534	-	-	497,953	534
Book debt realisations	346	157,137	454	-	-	157,137	454
Property	2,664	1,120,400	421	1,100	48,687	1,169,088	311
Other assets	2,228	987,085	443	-	-	987,085	443
MNO Receivables	3,230	1,527,553	473	Note 1	Note 1	Note 1	Note 1
Investigations	2,381	1,050,570	441	Note 1	Note 1	Note 1	Note 1
Retention of title	1,015	424,411	418	-	-	424,411	418
Trading	2,206	944,529	428	-	-	944,529	428
Accounting and treasury	2,203	728,231	331	903	203,097	931,328	300
Statutory and compliance	2,749	1,139,610	415	2,153	1,038,277	2,177,888	444
Employees & pensions	4,436	1,416,322	319	899	53,081	1,469,403	275
Creditors	6,117	2,669,649	436	2,915	835,872	3,505,521	388
Creditors committee	230	118,860	517	83	42,879	161,739	517
Tax	2,288	1,194,169	522	448	121,602	1,315,771	481
VAT	4,348	3,168,243	729	290	45,249	3,213,493	693
Books and records	819	222,493	272	102	8,866	231,359	251
Closure procedures	4	1,741	490	600	200,000	201,741	334
Total	41,507	19,180,922	462	10,693	2,979,535	22,160,456	425

Note 1

Costs relating to the MNO receivables and investigations work streams have been excluded from the forecast.

Phones 4 U Group Limited – in administration

Analysis of time costs for the period 21 July 2017 to 20 January 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	-	-	-	-	0.04	-	0.04	10.32	258.00
Property	-	-	0.60	-	-	-	-	0.60	345.00	575.00
Accounting and treasury	-	-	-	0.60	0.75	0.30	-	1.65	602.40	365.09
Statutory and compliance	-	-	0.25	2.90	3.50	4.45	1.10	12.20	3,933.25	322.40
Employees & pensions	-	-	-	-	0.30	-	-	0.30	133.50	445.00
Creditors	-	-	-	1.30	1.25	0.90	-	3.45	1,255.70	363.97
Tax	-	-	-	0.30	0.15	0.20	-	0.65	309.10	475.54
VAT	-	-	-	3.75	-	0.60	-	4.35	1,992.30	458.00
Books and records	-	-	-	-	0.10	-	-	0.10	30.40	304.00
Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	-	-	0.85	8.85	6.05	6.49	1.10	23.34	8,611.97	368.98

Phones 4 U Group Limited – in administration
Aggregate time cost summary to 20 January 2018

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	23	13,181	564	2	456	13,637	537
Sale of business	3	1,256	474	-	-	1,256	474
Property	2	988	549	-	-	988	549
Other assets	0	152	434	-	-	152	434
Investigations	6	2,095	327	-	-	2,095	327
Trading	14	3,740	266	-	-	3,740	266
Accounting and treasury	13	3,996	315	6	2,325	6,321	338
Statutory and compliance	111	39,278	354	39	13,414	52,692	352
Employees & pensions	2	684	402	-	-	684	402
Creditors	15	5,964	392	3	1,252	7,217	388
Creditors committee	0	29	290	-	-	29	290
Tax	34	19,417	566	4	1,324	20,741	537
VAT	11	4,298	384	-	-	4,298	384
Books and records	3	1,117	324	-	-	1,117	324
Closure procedures	2	1,098	499	36	11,589	12,687	336
Total	240	97,293	405	90	30,360	127,653	386

Phones4U Finance plc – in administration

Analysis of time costs for the period 21 July 2017 to 20 January 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	1.00	-	-	-	-	-	1.00	760.00	760.00
Other assets	-	-	0.30	-	-	-	-	0.30	172.50	575.00
Accounting and treasury	-	-	-	4.40	0.25	0.30	-	4.95	2,331.40	470.99
Statutory and compliance	-	-	0.25	2.70	3.40	4.60	-	10.95	3,700.65	337.96
Employees & pensions	-	-	-	-	0.30	-	-	0.30	133.50	445.00
Creditors	-	-	-	0.20	4.20	3.20	-	7.60	2,201.40	289.66
Tax	-	-	-	0.10	0.40	0.70	-	1.20	345.60	288.00
Total	-	1.00	0.55	7.40	8.55	11.50	-	29.00	10,188.35	351.32



Phones4U Finance plc – in administration
Aggregate time cost summary to 20 January 2018

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	20	9,237	474	4	1,153	10,389	437
Sale of business	3	455	134	-	-	455	134
Property	0	46	460	-	-	46	460
Other assets	1	325	499	-	-	325	499
Trading	5	1,860	384	-	-	1,860	384
Accounting and treasury	20	6,973	348	7	2,433	9,407	345
Statutory and compliance	111	39,330	354	44	14,273	53,603	345
Employees & pensions	11	2,749	257	-	-	2,749	257
Investigations	6	1,823	323	-	-	1,823	323
Creditors	24	9,263	379	-	-	9,263	379
Creditors committee	0	58	290	-	-	58	290
Tax	4	1,331	313	5	1,673	3,004	311
VAT	6	1,875	318	3	906	2,781	316
Books and records	0	166	368	-	-	166	368
Closure procedures	-	-	-	24	7,175	7,175	304
Total	211	75,490	357	88	27,613	103,102	345

MobileServ Limited – in administration
Analysis of time costs for the period 21 July 2017 to 20 January 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	-	-	-	0.15	-	-	0.15	45.60	304.00
Other assets	-	-	0.60	-	-	-	-	0.60	345.00	575.00
Accounting and treasury	-	-	-	0.80	3.95	0.80	-	5.55	1,778.30	320.41
Statutory and compliance	-	-	0.45	3.40	3.75	4.10	0.40	12.10	4,191.15	346.38
Employees & pensions	-	-	-	-	0.30	-	-	0.30	133.50	445.00
Creditors	-	-	1.70	0.20	3.20	0.24	-	5.34	2,111.22	395.36
Tax	-	-	-	2.00	0.40	3.80	-	6.20	2,425.80	391.26
VAT	-	-	-	-	-	0.60	-	0.60	154.80	258.00
Total	-	-	2.75	6.40	11.75	9.54	0.40	30.84	11,185.37	362.69

MobileServ Limited – in administration
Aggregate time cost summary to 20 January 2018

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	18	8,064	447	5	1,550	9,614	417
Sale of business	0	81	540	-	-	81	540
Book debt realisations	3	1,472	460	-	-	1,472	460
Property	0	46	460	-	-	46	460
Other assets	10	4,927	478	-	-	4,927	478
MNO Receivables	1	405	540	-	-	405	540
Investigations	6	1,890	326	-	-	1,890	326
Trading	1	206	258	-	-	206	258
Accounting and treasury	35	10,764	309	16	6,324	17,088	336
Statutory and compliance	125	43,551	347	78	22,598	66,149	325
Employees & pensions	1	193	385	-	-	193	385
Creditors	26	11,431	436	17	4,483	15,914	369
Creditors committee	0	116	290	-	-	116	290
Tax	10	3,551	359	11	3,345	6,896	333
VAT	1	286	286	2	627	913	304
Books and records	1	288	303	-	-	288	303
Closure procedures	-	-	-	24	6,933	6,933	288
Total	238	87,269	366	153	45,861	133,130	340

Policy Administration Services Limited – in administration
Analysis of time costs for the period 21 July 2017 to 20 January 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	0.50	-	2.80	-	24.95	27.25	-	55.50	16,657.80	300.14
Other assets	-	-	64.60	11.90	2.85	-	-	79.35	43,901.90	553.27
Trading	-	28.20	213.50	177.60	104.00	120.45	-	643.75	294,798.60	457.94
Accounting and treasury	-	-	1.20	10.35	30.15	17.70	-	59.40	20,252.50	340.95
Statutory and compliance	-	-	13.45	84.95	54.30	13.25	0.30	166.25	69,748.40	419.54
Employees & pensions	-	-	-	-	0.30	1.75	-	2.05	585.00	285.37
Creditors	-	-	4.65	8.70	6.70	11.21	-	31.26	11,909.23	380.97
Creditors committee	-	-	-	-	0.75	-	-	0.75	228.00	304.00
Tax	-	3.95	-	6.50	10.85	26.70	-	48.00	18,322.25	381.71
VAT	-	-	6.80	-	1.20	-	-	8.00	8,969.80	1,121.23
Closure procedures	-	-	1.00	-	-	-	-	1.00	575.00	575.00
Total	0.50	32.15	308.00	300.00	236.05	218.31	0.30	1,095.31	485,948.48	443.66

Policy Administration Services Limited – in administration
Aggregate time cost summary to 20 January 2018

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total costs £	Average hourly rate £
Strategy & Planning	689	283,957	412	444	208,962	492,918	435
Sale of business	111	51,531	466	-	-	51,531	466
Book debt realisations	20	14,803	748	-	-	14,803	748
Property	14	7,579	551	-	-	7,579	551
Other assets	640	272,499	426	345	162,436	434,935	442
Trading	5,732	2,654,869	463	2,836	1,335,626	3,990,495	466
Accounting and treasury	837	275,919	330	442	208,278	484,197	379
Statutory and compliance	1,054	425,552	404	557	262,334	687,886	427
Employees & pensions	205	87,211	425	-	-	87,211	425
Investigations	9	3,239	352	-	-	3,239	352
Creditors	246	105,524	429	125	58,794	164,317	443
Creditors committee	49	21,725	439	22	10,319	32,044	449
Tax	333	177,726	534	142	66,993	244,719	515
VAT	189	149,526	792	72	33,678	183,204	704
Books and records	72	28,507	393	-	-	28,507	393
Closure procedures	63	35,402	561	269	153,275	188,677	569
Total	10,261	4,595,568	448	5,253	2,500,693	7,096,261	457

Phosphorus Acquisition Limited – in administration
Analysis of time costs for the period 21 July 2017 to 20 January 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	0.50	-	-	-	-	-	-	0.50	432.50	865.00
Other assets	-	-	0.85	-	-	-	-	0.85	488.75	575.00
Accounting and treasury	-	-	-	0.80	0.90	0.60	-	2.30	824.40	358.43
Statutory and compliance	-	-	0.25	3.20	3.75	4.60	-	11.80	4,054.55	343.61
Employees & pensions	-	-	-	-	0.30	-	-	0.30	133.50	445.00
Creditors	-	-	-	0.20	2.45	0.20	-	2.85	895.40	314.18
Tax	-	-	-	0.10	-	0.60	-	0.70	202.50	289.29
VAT	-	-	-	-	-	0.60	-	0.60	154.80	258.00
Total	0.50	-	1.10	4.30	7.40	6.60	-	19.90	7,186.40	361.13

Phosphorus Acquisition Limited – in administration
Aggregate time cost summary to 20 January 2018

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	18	7,833	425	5	1,564	9,397	394
Sale of business	0	81	540	-	-	81	540
Property	0	46	460	-	-	46	460
Other assets	2	761	448	-	-	761	448
Trading	6	2,171	371	-	-	2,171	371
Accounting and treasury	20	6,254	307	7	2,070	8,323	304
Statutory and compliance	106	36,928	347	47	14,613	51,541	336
Employees & pensions	0	134	445	-	-	134	336
Investigations	6	1,849	324	-	-	1,849	324
Creditors	8	2,891	366	-	-	2,891	366
Creditors committee	0	58	290	-	-	58	290
Tax	3	772	297	5	1,603	2,375	305
VAT	1	316	288	1	348	665	302
Books and records	0	166	368	-	-	166	368
Closure procedures	0	94	470	20	5,765	5,859	290
Total	172	60,353	352	86	25,963	86,316	336

8. Receipts and payments accounts

Phones 4U Limited – in administration

From 21 July 2017 to 20 January 2018

Directors' statement of affairs £	15 September 2014 to 20 July 2017 £	21 July 2017 to 20 January 2018 £	Total to 20 January 2018 £
Floating charge			
Receipts			
1,003,700			
35,168,467	30,308,407 18	-	30,308,407 18
1,526,401	3,036,856 35	50 00	3,036,906 35
Undisclosed	78,057,991 01	20,582,234 00	98,640,225 01
73,581,338	92,967,951 25	-	92,967,951 25
	6,708,683 05	581,135 00	7,289,818 05
	1,428,408 51	-	1,428,408 51
	6,803,928 09	-	6,803,928 09
	447,000 00	-	447,000 00
	1,500,000 00	-	1,500,000 00
	148,464 98	-	148,464 98
156,652	-	-	-
	100,000 00	-	100,000 00
	1,084,275 43	80,695 22	1,164,970 65
2,250,000	743,400 01	-	743,400 01
	41,347 60	250 00	41,597 60
	201,702 32	-	201,702 32
46,122	-	-	-
	1,223,404 03	11,063 93	1,234,467 96
	211,777 09	-	211,777 09
	14,218,577 86	-	14,218,577 86
	180,100 00	-	180,100 00
5,870,969	-	-	-
250,000	-	-	-
	192,307 12	-	192,307 12
Undisclosed	239,604,581.88	21,255,428 15	260,860,010.03
Total receipts			

Please note that the Court ordered the redaction of certain commercially sensitive information from the directors' statement of affairs.



Directors' statement of affairs £	15 September 2014 to 20 July 2017 £	21 July 2017 to 20 January 2018 £	Total to 20 January 2018 £
Floating charge			
Payments			
Agents' fees	14,219,835 06	6,662,805 69	20,882,640 75
Amounts relating to stock	556,577 00	-	556,577 00
Bank charges	23,199 08	320 00	23,519 08
Cleaning and site clearance	34,590 37	-	34,590 37
Consultancy fees	505,195 10	-	505,195 10
Corporation tax	100 00	-	100 00
Duress payments	1,131,484 96	-	1,131,484 96
Employee expenses	123,017 66	-	123,017 66
Gross wages, salaries and employers NIC	10,132,075 90	136,764 28	10,268,840 18
Insurance	393,907 64	3,925 82	397,833 46
Irrecoverable VAT	179,330 03	-	179,330 03
IT costs	2,740,627 12	20,614 10	2,761,241 22
Legal fees	9,164,551 07	1,702,757 13	10,867,308 20
Lease/hire charges	3,524 80	-	3,524 80
Office holders' fees	17,165,123 50	1,707,956 65	18,873,080 15
Office holders' expenses	221,863 79	-	221,863 79
Office holders' expenses (PwC Legal LLP)	467,619 91	-	467,619 91
Other payroll deductions	85,565 83	-	85,565 83
Pension schemes	19,871 26	-	19,871 26
Petty cash	300 00	-	300 00
Pre-appointment expenses	30,255 91	-	30,255 91
Property expenses	8,261 76	-	8,261 76
Purchases	17,913 02	-	17,913 02
Rates	97,529 17	-	97,529 17
Rent	6,216,694 58	-	6,216,694 58
Security costs	104,451 14	-	104,451 14
Service charges	308,476 82	-	308,476 82
Statutory advertising	294 46	-	294 46
Storage costs	1,408,095 33	6,277 02	1,414,372 35
Sundry appointment related costs	12,960 07	5,125 20	18,085 27
Transport and carriage	354,899 40	-	354,899 40
Utilities	1,051,494 41	100,000 00	1,151,494 41
Total payments	66,779,686 15	10,346,545 89	77,126,232 04
Net floating charge realisations	172,824,895 73	10,908,882 26	183,733,777 99
Secured creditors			
RCF - letters of credit called up	15,810,000 00	-	15,810,000 00
RCF - letters of credit uncalled (held by Security Trustee)	-	-	-
Total RCF indebtedness	15,810,000 00	-	15,810,000 00
Senior secured noteholders	33,961,407 25	76,201,744 86	110,163,152 11
Total distributions to Noteholders	33,961,407 25	76,201,744 86	110,163,152 11
Cash-backed indemnities	3,000,000 00	-	3,000,000 00
Recovery of costs and interest	2,289,791 18	-	2,289,791 18
Total secured creditor entitlements	55,061,198 43	76,201,744 86	131,262,943 29
Preferential creditors			
Distribution to preferential creditors (100 pence in the £)	1,716,513 98	-	1,716,513 98
Total preferential creditor distribution	1,716,513 98	-	1,716,513 98
VAT control account	2,480,209 25	(155,284 44)	2,324,924 81
Balance held in interest bearing current accounts	118,527,392 57	(65,448,147 04)	53,079,245 53
Represented by			
Held in Barclays			3,002,127 77
Invested in high interest account			50,077,117 76
Total			53,079,245 53



Phones 4 U Group Limited – in administration

From 21 July 2017 to 20 January 2018

Directors' statement of affairs £	15 September 2014 to 20 July 2017 £	21 July 2017 to 20 January 2018 £	Total to 20 January 2018 £
Floating charge			
Receipts			
- None	-	-	-
- Total receipts	-	-	-
Payments			
- None	-	-	-
- Total payments	-	-	-
- Net floating charge realisations	-	-	-
Represented by			£
Held in Barclays account			-
Total			-

Phones4U Finance plc – in administration

From 21 July 2017 to 20 January 2018

Directors' statement of affairs £	15 September 2014 to 20 July 2017 £	21 July 2017 to 20 January 2018 £	Total to 20 January 2018 £
Floating charge			
Receipts			
- Bank interest	7 52	-	7 52
4,759 Cash at bank	4,758 97	-	4,758 97
38,807 Intercompany debtors	-	-	-
43,566 Total receipts	4,766.49	-	4,766.49
Payments			
- Bank charges	5 60	-	5 60
- Legal fees	4,760 57	-	4,760 57
- Total payments	4,766.17	-	4,766.17
43,566 Net floating charge realisations	0.32	-	0.32
VAT control account		-	-
43,566 Balance held in interest bearing current account	0.32	-	0.32
Represented by			£
Held in Barclays account			0.32
Total			0.32



MobileServ Limited – in administration

From 21 July 2017 to 20 January 2018

Directors' statement of affairs		15 September 2014 to 20 July 2017	21 July 2017 to 20 January 2018	Total to 20 January 2018
£		£	£	£
Floating charge				
Receipts				
(19,630,391)	Cash at bank (overdraft on appointment - Sterling account)	(15,610,098 07)	-	(15,610,098 07)
	Transfer from Phones 4U Limited to cover overdraft	19,630,391 02	-	19,630,391 02
	Cash at bank (currency accounts)	-	-	-
	Euro account	715 752 19	-	715,752 19
	US Dollar account	9,916 80	-	9,916 80
463,684	Directors' loan account	-	-	-
427,096	Intercompany debtors	-	-	-
	Interest received gross	267,327 91	3,481 37	270,809 28
	Investments	444,556 23	-	444,556 23
	Sundry debts and refunds	10 00	-	10 00
	Third party funds	-	-	-
(18,739,611)	Total receipts	5,457,856.08	3,481.37	5,461,337.45
Payments				
	Bank charges	61,722 95	15 00	61,737 95
	Legal fees	74,209 39	-	74 209 39
	Office holders' fees	66,603 25	-	66,603 25
	Office holders' expenses	589 72	-	589 72
	Corporation tax	-	4,998 39	4,998 39
	Sundry appointment related costs	1,480 00	-	1,480 00
	Total payments	204,605 31	5,013.39	209,618.70
Net floating charge realisations		5,253,250 77	(1,532.02)	5,251,718.75
	VAT control account	(2,577 77)	2,577 77	-
Balance held in interest bearing current account		5,250,673.00	1,045.75	5,251,718.75
Represented by				£
	Held in Barclays account			5,251,718 75
	Total			5,251,718.75

Note 1

MobileServ Limited had an overdraft of £19.6m and a cash balance of £4.0m, the latter of which was not reflected on the directors' statement of affairs. Debit balances in the account of one of the Companies were set-off or transferred pursuant to the overdraft arrangements in satisfaction of MobileServ's overdraft liabilities, leaving the cash balance of £4.0m in this administration.

Note 2

MobileServ Limited held foreign currency accounts with balances of €988k and US\$15k which have now been converted to Sterling.



Policy Administration Services Limited – in administration
From 21 July 2017 to 20 January 2018

Directors' statement of affairs		16 September 2014 to 21 July 2017	21 July 2017 to 20 January 2018	Total to 20 January 2018
£		£	£	£
Trading statement				
Receipts				
27,000,000	Customer insurance premiums	99,590,408 53	8,036,354 16	107,626,762 69
	Customer refunds and claims paid in cash	(2,430,355 02)	(157,220 79)	(2,587,575 81)
	Dividends received from P4UC	27,550,000 00	3,600,000 00	31,150,000 00
	Interest received gross	249,257 99	24,755 29	274,013 28
	Sales of irreparable phones	3,592,898 91	-	3,592,898 91
	Sale of office equipment	583 33	-	583 33
27,000,000	Total trading receipts	128,552,793 74	11,503,888 66	140,056,682 40
Payments				
	Agents' fees	20,612,851 13	2,595,211 10	23,207,862 23
	Bank charges	137,102 68	16,692 57	153,795 25
	Duress payments	931,978 33	-	931,978 33
	Insurance	46,506,901 72	4,816,217 84	51,323,119 56
	IT costs	431,152 68	29,198 63	460,351 31
	Legal fees	1,275,739 60	5,202 36	1,280,941 96
	Office costs	413,132 00	-	413,132 00
	Office holders' expenses	30,376 60	-	30,376 60
	Office holders' fees	3,810,150 65	372,615 95	4,182,766 60
	Property	18,612 88	-	18,612 88
	Stock purchase	18,831,918 13	1,336,067 63	20,167,985 76
	Trade creditors	101,105 77	1,500 00	102,605 77
	Warehouse costs	357,826 00	-	357,826 00
	Wages and salaries	832,199 41	440 53	832,639 94
	Total trading payments	94,290,847 58	9,173,146 61	103,463,994 19
	Trading account surplus/(loss)	34,261,946 16	2,330,742 05	36,592,688 21

Directors' statement of affairs		16 September 2014 to 21 July 2017	21 July 2017 to 20 January 2018	Total to 20 January 2018
£		£	£	£
Floating charge				
Receipts				
35,948	Accrued income	-	-	-
14,724,121	Cash at bank	13,825,702 60	-	13,825,702 60
47,960	Prepayments	-	-	-
4,912,977	Stock	-	-	-
	Trading account balance (see above)	34,261,946 16	2,330,742 05	36,592,688 21
19,721,006	Total receipts	48,087,648.76	2,330,742.05	50,418,390.81
Payments				
	Corporation tax	5,080,702 70	786,064 76	5,866,767 46
	Total payments	5,080,702.70	786,064.76	5,866,767.46
	VAT control account	1,651,101 35	204,261 74	1,855,363 09
	Floating charge realisations	41,355,844 71	1,340,415.55	42,696,260.26
Secured creditors				
	Distribution to senior secured Noteholders	9,038,592 75	14,098,255 14	23,136,847 89
	Total secured creditor entitlements	9,038,592.75	14,098,255.14	23,136,847.89
	Balance held in interest bearing accounts	32,317,251 96	(12,757,839.59)	19,559,412.37
Represented by				£
	Held at Barclays			5,104,825 37
	Held at Lloyds			5,051,074 23
	Held at ANZ			9,403,512 77
	Total			19,559,412 37

Note 1

Stock referred to in the directors' statement of affairs was utilised during trading.

Note 2

The VAT control account shows the net position of the VAT payable and receivable by PAS. We have agreed with HMRC that VAT is recoverable at 15% of some payments. We continue to submit and agree VAT returns on a quarterly basis with HMRC and any recoveries will be reflected in the VAT control account. We also recover 100% of the VAT incurred on claims costs from the insurer.

Note 3

Cash held in P4UC is not included in this report.



Phosphorus Acquisition Limited – in administration
From 21 July 2017 to 20 January 2018

Directors' statement of affairs		15 September 2014 to 20 July 2017	21 July 2017 to 20 January 2018	Total to 20 January 2018
£		£	£	£
Floating charge				
Receipts				
69,473	Cash at bank	69,472 80	-	69,472 80
	Bank interest	509 14	8 82	517 96
129,806	Intercompany debtors	-	-	-
7,328	Prepayments	-	-	-
206,607	Total receipts	69,981.94	8.82	69,990.76
Payments				
	Bank charges	18 40	-	18 40
	Legal fees	7,007 79	-	7,007 79
	Office holders' fees	48,831 00	-	48,831 00
	Office holders' expenses	525 55	-	525 55
	Sundry appointment related costs	425 00	-	425 00
	Total payments	56,807.74	-	56,807.74
Net floating charge realisations		13,174.20	8.82	13,183.02
VAT control account		(986 02)	986 02	-
Balance held in interest bearing current account		13,174.20	994.84	13,183.02
Represented by				£
Held in Barclays account				13,183 02
Total				13,183.02

9. Statement of expenses incurred

As required by Rule 18.4 IR16, the following tables provide a summary of expenses incurred during the period of this report and an estimate of our future expenses.

Expenses are amounts properly payable by us as administrators from the estates and include our fees but exclude distributions to creditors. The statements also exclude any potential liabilities related to MNO receivables, investigations and other commercially sensitive matters that may be payable as an expense of the administration in due course. In addition, they do not include any potential tax liabilities that may be payable as expenses of the administrations in due course because amounts due will depend on the position at the end of the tax accounting period.

The tables should be read in conjunction with the receipts and payments account at Section 8, which shows expenses actually paid during the period and the total paid to date. The classification of future expenses shown below may differ from where their classification on the receipts and payments account.

Phones 4U Limited – in administration

From 21 July 2017 to 20 January 2018

	Expenses incurred brought forward from 20 July 2017 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2018 (£)	Estimated future (£)	Anticipated total (£)
Agents' fees	14,227,839 66	6,654,801 09	20,882,640 75	-	20,882,640 75
Amounts relating to stock	556,577 00	-	556,577 00	-	556,577 00
Bank charges	23,199 08	320 00	23,519 08	12,690 00	36,209 08
Cleaning and site clearance	34,590 37	-	34,590 37	-	34,590 37
Consultancy fees	505,195 10	-	505,195 10	-	505,195 10
Duress payments	1,131,484 96	-	1,131,484 96	-	1,131,484 96
Employee expenses	123,017 66	-	123,017 66	-	123,017 66
Gross wages, salaries and employers NIC	10,144,052 01	124,788 17	10,268,840 18	959,233 22	11,228,073 40
Insurance	393,907 64	3,925 82	397,833 46	19,500 00	417,333 46
Irrecoverable VAT	179,330 03	-	179,330 03	-	179,330 03
IT costs	2,740,627 12	20,614 10	2,761,241 22	-	2,761,241 22
Legal fees (P4U)	10,358,649 18	752,060 75	11,110,709 93	900,725 00	12,011,434 93
Legal fees (other group entities)	20,126 02	-	20,126 02	-	20,126 02
Lease/hire charges	3,524 80	-	3,524 80	-	3,524 80
Office holders' fees	18,081,689 90	1,099,231 70	19,180,921 60	2,979,534 54	22,160,456 14
Office holders' expenses	356,267 53	60,071 37	416,338 90	90,000 00	506,338 90
Office holders' expenses (PwC Legal LLP)	467,619 91	-	467,619 91	-	467,619 91
Other payroll deductions	85,565 83	-	85,565 83	-	85,565 83
Pension schemes	19,871 26	-	19,871 26	-	19,871 26
Petty cash	300 00	-	300 00	-	300 00
Pre-appointment expenses	30,255 91	-	30,255 91	-	30,255 91
Property expenses	8,261 76	-	8,261 76	-	8,261 76
Purchases	17,913 02	-	17,913 02	-	17,913 02
Rates	97,529 17	-	97,529 17	-	97,529 17
Rent	6,216,694 58	-	6,216,694 58	-	6,216,694 58
Security costs	104,451 14	-	104,451 14	-	104,451 14
Service charges	308,476 82	-	308,476 82	-	308,476 82
Statutory advertising	294 46	-	294 46	-	294 46
Storage costs	1,408,171 47	6,200 88	1,414,372 35	-	1,414,372 35
Sundry appointment related costs	12,960 07	5,125 20	18,085 27	-	18,085 27
Transport and carriage	354,899 40	-	354,899 40	-	354,899 40
Utilities	1,051,494 41	100,000 00	1,151,494 41	-	1,151,494 41
Contribution to expenses excluding legal fees from group companies	(6,708,683 05)	(581,135 00)	(7,289,818 05)	-	(7,289,818 05)
Total	62,356,154.22	8,246,004.08	70,602,158.30	4,961,682.76	75,563,841.05

Note 1

Expenses relating to MNO receivables, investigations and other commercially sensitive matters have been excluded from all categories of expenses within the above forecast, except to the extent that they have been incurred to 20 January 2018. The estimated future and anticipated total expenses should therefore be treated with a degree of caution.



Note 2

Legal fees incurred for each company are shown in their respective expenses statements on the following pages. We continue to review and recharge legal expenses paid by P4U on behalf of other Group companies and recharge them as appropriate.

Note 3

We are liaising with HMRC regarding the recoverability of certain post-appointment transactions. We expect that there may be an element of further irrecoverable VAT but we cannot quantify this amount until such a time that it has been agreed with HMRC.

Phones 4 U Group Limited – in administration

From 21 July 2017 to 20 January 2018

	Expenses incurred brought forward from 20 July 2017 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Legal fees	6,143.06	-	6,143.06	5,000.00	11,143.06
Office holders' expenses	490.92	-	490.92	1,000.00	1,490.92
Office holders' fees	88,681.15	8,611.97	97,293.12	30,360.28	127,653.40
Total	95,315.13	8,611.97	103,927.10	36,360.28	140,287.38

Phones4U Finance plc – in administration

From 21 July 2017 to 20 January 2018

	Expenses incurred brought forward from 20 July 2017 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	5.60	-	5.60	100.00	105.60
Legal fees	6,202.30	-	6,202.30	5,000.00	11,202.30
Office holders' expenses	1,918.36	1,757.90	3,676.26	10,000.00	13,676.26
Office holders' fees	65,301.15	10,188.35	75,489.50	27,612.99	103,102.49
Professional fees	79,966.56	-	79,966.56	-	79,966.56
Total	153,393.97	11,946.25	165,340.22	42,712.99	208,053.21

MobileServ Limited – in administration

From 21 July 2017 to 20 January 2018

	Expenses incurred brought forward from 20 July 2017 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	61,722.95	15.00	61,737.95	100.00	61,837.95
Legal fees	74,209.39	-	74,209.39	5,000.00	79,209.39
Office holders' expenses	755.60	-	755.60	1,000.00	1,755.60
Office holders' fees	76,083.60	11,185.37	87,268.97	45,861.09	133,130.06
Sundry appointment related costs	1,480.00	-	1,480.00	1,000.00	2,480.00
Total	214,251.54	11,200.37	225,451.91	52,961.09	278,413.00



Phosphorus Acquisition Limited – in administration

From 21 July 2017 to 20 January 2018

	Expenses incurred brought forward from 20 July 2017 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	18 40	-	18 40	100 00	118 40
Legal fees	7,007 79	-	7,007 79	5,000 00	12,007 79
Office holders' expenses	547 58	-	547 58	1,000 00	1,547 58
Office holders' fees	53,166 55	7,186 40	60,352 95	25,963 19	86,316 14
Sundry appointment related costs	434 00	-	434 00	1,000 00	1,434 00
Total	61,174.32	7,186.40	68,360.72	33,063.19	101,423.91

Policy Administration Services Limited – in administration

From 21 July 2017 to 20 January 2018

	Expenses incurred brought forward from 20 July 2017 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2018 (£)	Estimated future expenses (£)	Estimated total expenses (£)
Agents' fees	22,758,096 65	2,359,880 01	25,117,976 66	8,433,714 79	33,551,691 45
Bank charges	227,148 75	21,182 57	248,331 32	27,458 65	275,789 97
Duress payments	931,978 33	-	931,978 33	-	931,978 33
Insurance	47,636,468 29	4,565,482 90	52,201,951 19	15,654,205 15	67,856,156 34
IT costs	447,499 92	14,939 39	462,439 31	21,360 00	483,799 31
Legal fees	1,276,854 24	5,640 66	1,282,494 90	265,000 00	1,547,494 90
Office costs	413,132 00	-	413,132 00	-	413,132 00
Office holders' fees (*)	4,109,619 85	485,948 48	4,595,568 33	2,500,693 14	7,096,261 47
Office holders' expenses	30,743 46	1,125 07	31,868 53	7,500 00	39,368 53
Property	18,612 88	-	18,612 88	-	18,612 88
Stock purchase	19,594,769 53	608,039 12	20,202,808 65	-	20,202,808 65
Trade creditors	101,105 77	1,500 00	102,605 77	81,957 36	184,563 13
Warehouse costs	357,826 00	-	357,826 00	-	357,826 00
Wages and salaries	832,199 41	440 53	832,639 94	-	832,639 94
Total	98,736,055.08	8,064,178 73	106,800,233.81	26,991,889.08	133,792,122.89

(*) Office holder's fees brought forward to 20 July 2017 of £4,109,620 have been corrected from the £4,106,381 reported in our last report. Time costs of £4,109,620 in this period were correctly reported in our SIP9 reports in Section 7.

10. Estimated financial outcome statement

We provide below an estimated financial outcome statement for the Companies.

£m		Low	High	Progress report section
Total asset realisations	Note 1	251.6	251.7	Section 5.1
Less costs of realisations		(22.0)	(19.9)	Section 5.1
Net realisations		229.6	231.8	
PAS				
Trading		45.7	47.9	
Corporation tax		(7.5)	(7.8)	
PAS Administrators' fees	Note 2	(8.5)	(8.5)	
Legal fees	Note 2	(1.9)	(1.9)	
Prescribed part		(0.6)	(0.6)	
Total PAS		27.3	29.2	Section 5.2
Other costs				
Administrators fees		(22.5)	(21.2)	Section 5.5
RCF set off costs	Note 3	(20.1)	(18.1)	Section 5.4
Other professional fees		(14.0)	(12.9)	Section 7.8
Preferential creditors		(1.7)	(1.7)	
Prescribed part		(1.2)	(1.2)	Section 5.6
Potential VAT expense	Note 4	-	-	Section 5.1
Total available to secured creditors		197.4	205.9	
Super senior notes		430.0	430.0	
Estimated return		46%	48%	Section 4
Total returns, £m				
Returned to date	Note 5	133.3	133.3	
Future return		64.1	72.6	
Estimated return		197.4	205.9	
Total returns, %				
Returned to date	Note 5	31%	31%	
Future return		15%	17%	
Estimated return		46%	48%	

Note 1

As noted earlier in this report, we have not disclosed the estimated realisable value for MNO receivables, as to do so would be to disclose potentially commercially sensitive information and may prejudice the value of realisations in the administration. We have not included any expenses in relation to the MNO receivables work stream within our calculations, except to the extent that PwC and third party costs have been incurred to 20 January 2018. The same approach has been taken in respect of our investigatory work, from which no prospective income has been assumed and no associated costs have been reflected, except to the extent that PwC and third party costs have been incurred to 20 January 2018.

Our estimates of dividend prospects do not therefore include these significant items and the actual dividend outcomes may be materially different. Therefore, our estimates of dividend prospects should be treated with caution.

Note 2

Applicable PAS costs include irrecoverable VAT.

**Note 3**

As noted in 5.4, whilst we expect that all funds retained by the Security Trustee and Senior Notes Trustee (net of any legal and trustee fees) will be returned to the secured creditors, we have reflected the risk that £2m is required to be used to fund any future claims in our lower case calculation.

Note 4

As previously reported, HMRC has now accepted, and confirmed to us, that the VAT Liability ranks as a provable claim and not as an expense in the administration of the Companies. As such, we have removed the provision from the estimated outcome statement.