

AM10

Notice of administrator's progress report



Companies House

TUESDAY



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14/08/2018

#241

COMPANIES HOUSE

1	Company details	
Company number	0 3 1 5 4 1 9 8	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Phones 4u Limited	
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	S E 1 2 R T	
Country	UNITED KINGDOM	
4	Administrator's name [Ⓢ]	
Full forename(s)	David James	Ⓢ Other administrator Use this section to tell us about another administrator.
Surname	Kelly	
5	Administrator's address [Ⓢ]	
Building name/number	7 More London	Ⓢ Other administrator Use this section to tell us about another administrator.
Street	Riverside	
Post town	London	
County/Region		
Postcode	S E 1 2 R T	
Country	UNITED KINGDOM	

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. ①
Attach this to the relevant form.
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.

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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

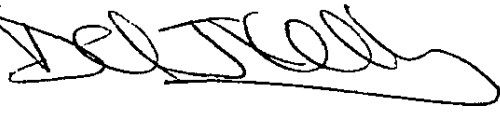
Full forename(s) Robert John
Surname Moran

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

AM10

Notice of administrator's progress report

6	Period of progress report															
From date	d	2	d	1	m	0	m	1	y	2	y	0	y	1	y	8
To date	d	2	d	0	m	0	m	7	y	2	y	0	y	1	y	8
7	Progress report															
<input checked="" type="checkbox"/> I attach a copy of the progress report																
8	Sign and date															
Administrator's signature	Signature 															
Signature date	d	0	d	7	m	0	m	8	y	2	y	0	y	1	y	8

AM10

Notice of administrator's progress report



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Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone



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- ☐ You have attached the required documents.
- ☐ You have signed the form.



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Joint Administrators' Eighth Progress Report

For the period from 21 January 2018 to 20 July 2018

Phones 4U Limited

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

7 August 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 eighth 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.

Distributions

We made distributions to the Noteholders in the period totalling approximately £86m. In aggregate, some £219.3m (equating to 51% 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 and anticipate these dividends to be paid in the next six to nine



months. However, due to the estimated significant level of total claims, any dividend is likely to be very small. 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 July 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 July 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 July 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.
"IPT"	Insurance premium tax
"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 July 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

David Kelly, 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 may act as Data Controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint administrators. Personal data will be kept secure and processed only for matters relating to the joint administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint administrators.

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 <i>(creditors with security in respect of their debt, in accordance with Section 248 LA86)</i>						
Estimated total debt:	£19,810,000	RCF				
	£430,000,000	Notes				
Estimated % recovery for secured creditors :	100% for the RCF lenders and between 54% and 56% for the Noteholders (on the basis set out in Section 5.6 and in line with the comments in "forecast timing" below).					
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 <i>(for unpaid wages up to £800 and holiday pay only, and unpaid pension contributions in certain circumstances)</i>						
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 4U 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:	6 – 9 months (see Section 5.6)	Nil	Nil	5+ 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 our previous report.

Where dividends are possible, these are only expected to arise from the ring-fenced funds under the 'prescribed part' provisions of the IA86. Work has begun to review unsecured claims lodged against those companies where a dividend is possible and unsecured creditors are therefore encouraged to submit a claim (if not already done so). 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 fourth interim distribution to the Noteholders of £86,000,000 in respect of their secured claims (total dividends now equate to 51% of the Noteholders' principal claims);
- Continued collection of MNO receivables;
- Progressing our strategy and finalising legal proceedings in relation to certain MNO receivables;
- Agreed a settlement with a MNO against a claim in respect of trading debt due to the Group and for which litigation had been commenced;
- Continued investigations into potential claims against MNOs in respect of their alleged role in relation to the collapse of the Group;
- Agreeing the strategy for distributing the prescribed part to the large volume of unsecured creditors of P4U and work on adjudication of these unsecured claims;
- 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 a further two properties either through negotiations with landlords or operation of law, enabling reduction of claims against P4U. Our legal advisors continue to liaise with landlords of the remaining 28 properties.

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 from 21 January 2018 to 20 July 2018 are £139.0m, 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, the legal proceedings against one MNO resulted in a summary judgment in favour of P4U and the MNO's counterclaim was dismissed. Following this, the two parties reached an agreement to settle and the settlement amount was received in May 2018. This settlement substantially increased the amount available for distribution to the Noteholders and, as a result, we have been able to make a further interim distribution to the Noteholders of £86m (equal to 20% of the Noteholders' principal claims) on 22 June 2018. The total distributions to date have been £219.3m.

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. We have purposefully retained significant cash reserves to fund any litigation that may be required in respect of these claims, see Section 8.

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 145,000 policyholders as at the end of June 2018, of which approximately 80,000 have a Phones 4U Care policy and approximately 65,000 have a Premierplan policy. The cost of claims is broadly in line with 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 a reduction in the customer base thereafter. This has been factored into the estimated financial outcome statement (see Section 10).

Strategies employed to promote the longevity of the business include:

- Allowing policyholders to switch between Premierplan and Phones 4U Care policies;
- Absorbing increases in IPT costs, as passing them on to policyholders may have resulted in increased cancellations, which would be disadvantageous to the scheme;
- Improved the repair process for policyholders with Apple handsets, by allowing them to approach Apple directly for specific repair types, providing increased options and convenience.

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.

All customers were contacted during the autumn of 2017, with hard copy letters sent to all Premierplan customers. Phones 4U Care customers were contacted via email or by letter where appropriate. 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 August we will commence the 2018 customer contact process with all Premierplan and Phones 4U Care policyholders receiving a hard copy letter or email as appropriate.

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 May 2018, 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. In October 2017, AIZ announced that it would acquire TWG Holdings Limited (LGI's US parent company) and its subsidiaries. The transaction was completed in May 2018. The acquisition 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 £47m 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 13% (four cases), which compares very favourably to the industry norm of approximately 40% for mobile phone insurance.

The proposed and near final Insurance Distribution Directive ("IDD") rules were outlined in the Insurance Distribution Directive Instrument 2018 published on 27 June 2018. There are not expected to be any further significant changes to these and an associated HM Treasury Bill is required to be put before Parliament before the final rules are confirmed. Implementation is anticipated to be on 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. The only customers to whom the new IDD rules may apply are those who switch from one PAS policy to another. Given the extremely small number of customers who are likely to switch policies going forward, it was determined the most cost effective approach was no longer to allow customers to switch policies.

Together with LSG and legal advisors, we have put systems and processes in place to ensure that PAS is compliant with the General Data Protection Regulation ("GDPR") legislation which came into effect on 25 May 2018. Actions completed or to be taken to ensure compliance include:

- Review of policies and processes by external lawyers;
- Update of the Privacy Policy;
- Review of the data retention strategy;
- Implementation of a revised Subject Access request process;
- Implementation of a "Right to be forgotten" process;
- Training of staff on new GDPR requirements; and
- Communication of GDPR changes to customers as part of the annual reminder process.

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.

A board meeting of P4UC was held in May 2018 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, a "desk top" review was undertaken for the year ended 31 December 2017. 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, Crowe Clark Whitehill completed the review of the 2017 annual accounts and identified no material matters.

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

As at 20 July 2018, some £32.8m had been paid in dividends from P4UC to PAS, of which £1.6m 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 £7,787 and £20 in MobileServ Limited and Phosphorus Acquisition Limited respectively. Total asset realisations of these other companies to date are set out in the table below.

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	-	279	1	-
Total realised	5	5,470	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 from of up to £300k in Phosphorus Acquisition Limited and £16k in MobileServ from distributions of other group companies. These estimates are based on the directors' statement of affairs and are therefore subject to change.

We are currently in the process of 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 July 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 March 2018 in respect of PAS and 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 also 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 may 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 54% and 56% (from 46% to 48% in our previous progress report). We provide our estimated financial outcome statements 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 four interim distributions totalling 51% of the Noteholders' principal claims, of which one interim distribution was made during the period of this report totalling £86m and representing 20% 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 our previous report.



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 previous reports, 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).

In respect of PAS, work has progressed in determining the value of creditors' claims. HMRC's claim in respect of corporation tax has now been confirmed and finalisation of claims with other P4U group entities is progressing. It is anticipated a distribution will be made to unsecured creditors within the next six months.

With regard to P4U, our work on agreeing claims and paying the prescribed part had temporarily been placed on hold until the position regarding certain large creditors was known, including the counter-claim from an MNO referred to Section 5.1. Having agreed a settlement with this MNO, we are now in a position to resume this work.

Our work in the upcoming months will focus on agreeing unsecured creditor claims and distributing the prescribed part. We hope to be in a position to pay a small dividend (less than 0.4%) to unsecured creditors within the next six to nine months.

With regard to MobileServ, we have begun reviewing unsecured creditor claims (many of which have been submitted by other companies within the Group). We estimate that we will be in a position to pay a dividend (less than 0.1%) to unsecured creditors of MobileServ by the end of 2018.



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">• Continue to collect the MNO debtor and pay the associated commission due.• Pursue our investigatory work to meaningful conclusions.• Agree claims and distribute the prescribed part fund to unsecured creditors.• Further and final distributions to Noteholders.• Finalise residual trading and property matters.• Ongoing tax and regulatory compliance.• Recovery of monies held by the Security Trustee and GLAS Trust Corporation Limited
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 asset, being a long-term run-off scenario which is expected to continue for at least the next 18 months.• Agree unsecured claims and distribute the prescribed part funds to unsecured creditors.• Formulate an agreed closure plan with all stakeholders, including LSG, LGI, P4UC and the regulators.• Finalise tax and VAT matters and obtain 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 Phones4u Finance plc Phosphorus Acquisition Limited	<ul style="list-style-type: none">• Realise any inter-company loan assets from group companies.• 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.

5.8 Ending the administrations

As previously reported, the Court granted an extension of the administrations to 15 March 2020.

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 and as set out in this report there are various processes to ensure this process is expedited.



5.9 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.

5.10 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, Staffordsh.re, 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 and 1 July 2018.

With effect from 1 July 2018	Administrators' and their staff Rate per hour (£)	Specialist staff Maximum rate per hour (£)
Partner	890	1,445
Director	780	1,210
Senior Manager	590	1,230
Manager	510	735
Senior Associate	425	545
Senior Associate (unqualified)	315	-
Associate	265	270
Support staff	135	160

Hourly rates quoted are exclusive of VAT.



With effect from 1 July 2017	Administrators' and their staff Rate per hour (£)	Specialist staff 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 January 2018 to 20 July 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>(Policy Administration Services Limited only)</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.



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
Trading	<p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> Monitoring of the trading activities of the insurance business and performance of LSG including the operations of the customer call centre and claims handling processes. 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. <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>	Maintaining profitability of the PAS business for the benefit of creditors.
MNO Receivables	<ul style="list-style-type: none"> Reaching an agreement to settle the ongoing legal proceedings in relation to the mobile network operator against which litigation had been commenced. A settlement amount was received in May 2018. Reviewing, assessing and collecting MNO receivable balances on a monthly basis. Paying commissions that fell due. Liaising with retained employees to quantify the current financial position and projected value of outstanding MNO receivables based on customer behaviour. <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. Retaining significant cash reserves to fund 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. Maintaining our property files with progress against each store. 	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	<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> <ul style="list-style-type: none"> • Determining the most appropriate strategy for trademarks and domains, including their renewal. • Renewing the position of inter-company unsecured creditor claims within other group companies and submission of the relevant claims. • Negotiating settlement with IT service provider for use of systems post-administration. • Liaison with our insurers for the purpose of maintaining adequate insurance cover for assets and risks in the post-appointment period. <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. • Attending board meetings with P4UC to oversee the running of the subsidiary. <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 fourth interim dividend to Noteholders. • Planning and preparation of financial and operational information for creditors. • Preparing for and following up on Noteholder meetings. • Responding to queries from stakeholder groups. • Maintaining information on our dedicated website. • Providing progress updates to the secured creditors. • Formulating and delivering our communications strategy. • General creditors and customer enquiries. • Internal planning and strategy discussion in respect of the prescribed part. • Receiving incoming proof-of-debt forms from unsecured creditors • Maintaining a database of creditor claims. • Adjudicating on lower value creditor claims. • Reviewing the inter-company claim position and submitting unsecured claims as appropriate. <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 	<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>adjudication of the claims and to ensure that the correct balances are captured for dividend purposes.</p> <ul style="list-style-type: none"> • Liaising with unsecured creditors to obtain necessary supporting documentation to support claim values. • Liaising with group companies to reconcile intercompany balances. <p>Adjudicating the revised large and complex HMRC claim.</p> <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. • Regular detailed reconciliations of transactions for VAT purposes. • Liaising with HMRC. 	Statutory and regulatory responsibilities.
Tax	<ul style="list-style-type: none"> • Preparation and submission of post-administration tax returns. • Liaising with HMRC. • Reviewing the tax implications of the adjudication of inter-company claims. • Reviewing the availability of trading losses across 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"> • Ongoing payroll payments. • 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.
Accounting and treasury	<ul style="list-style-type: none"> • Dealing with general accounting and treasury functions including payments, receipts and journal postings. • Ongoing payment of wages. 	Ensures proper stewardship of the funds held.

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"> Actively managing cash holdings, including 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. Managing funds held in order to maximise interest returns. <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 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 issuing our seventh progress report to creditors Planning for statutory deadlines and collation of requisite information. Delisting of Notes on Irish Stock Exchange in April 2018. Maintaining cash 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 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. 	0.4	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 those of LSG in including operations of the customer call centre 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. 	1.0	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"> Liaising with legal and other advisors regarding the progression of investigatory and litigation work streams. Collection of the MNO debtors and payments of commissions due. Active management of cash holdings, including placing regular money market investments to increase returns. Pursuit of potential claims against third parties Collection of the directors' loans that are due for redemption in 2019. 	0.2	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. 	0.0	Mitigate 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. Arranging, preparing for and attending meetings of the informal creditor committee. Respond to creditor queries. 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. Reconciliation of the companies' VAT position on a regular basis to ensure transactions are correctly accounted for. 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. 	0.0	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 accurate accounting records. Actively monitoring and dealing with funds invested on the money markets. Carrying out periodic bank reconciliations Corresponding with the bank regarding specific transfers. 	0.3	Ensure 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
Statutory & compliance	<ul style="list-style-type: none"> Drafting and circulating six monthly progress reports to unsecured creditors. Ongoing compliance with regulatory requirements. Maintaining case files. Dealing with inbound correspondence and queries. 	1.2	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	Ensure 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 January 2018 to 20 July 2018 is provided below.



Phones 4U Limited – in administration

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

Category	Policy	15 September 2014 to 20 January 2018 (£)	21 January 2018 to 20 July 2018 (£)	Total to 20 July 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	18,734.47	12.67	18,747.14
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	124,088.00	47,826.00	171,914.00
	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	26,955.95	-	26,955.95
	Air fares	43,890.70	-	43,890.70
	Postage	40,993.97	-	40,993.97
	Subsistence costs	8,631.55	780.00	9,411.55
	Taxi fares	6,837.25	128.61	6,965.86
	Mobile phone usage	1,933.77	-	1,933.77
	Other	16,290.75	24.55	16,315.30
	Total	883,036.24	48,771.83	931,808.07



Phones 4 U Group Limited – in administration

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

Category	Policy	15 September 2014 to 20 January 2018 (£)	21 January 2018 to 20 July 2018 (£)	Total to 20 July 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 January 2018 to 20 July 2018

Category	Policy	15 September 2014 to 20 January 2018 (£)	21 January 2018 to 20 July 2018 (£)	Total to 20 July 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	-	2 66	2 66
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	3,676.26	2.66	3,678.92

MobileServ Limited – in administration

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

Category	Policy	15 September 2014 to 20 January 2018 (£)	21 January 2018 to 20 July 2018 (£)	Total to 20 July 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	163 17	1 98	165 15
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	1.98	757.58



Phosphorus Acquisition Limited – in administration

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

Category	Policy	15 September 2014 to 20 January 2018 (£)	21 January 2018 to 20 July 2018 (£)	Total to 20 July 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	99 00	2 84	101 84
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	2.84	550.42

Policy Administration Services Limited – in administration

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

Category	Policy	15 September 2014 to 20 January 2018 (£)	21 January 2018 to 20 July 2018 (£)	Total to 20 July 2018 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	218 98	2 83	221 81
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	12,357 83	20 80	12,378 63
	Hotel accommodation	7,094 94	-	7,094 94
	Subsistence costs	3,111 48	-	3,111 48
	Taxi fares	2,055 03	-	2,055 03
	Car hire charges	1,485 92	-	1,485 92
	Air fares	551 64	-	551 64
	Other	1,900 36	11 08	1,911 44
	Total	31,895.16	34.71	31,929.87



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 £228m 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 54% to 56% 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 January 2018 to 20 July 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Associate	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	41.30	6.50	6.80	4.50	151.00	-	0.60	-	210.70	97,061.35	460.68
Property	1.90	-	-	-	23.35	-	-	-	25.25	8,761.25	346.58
Other assets	9.80	13.70	0.75	2.25	21.40	-	-	-	47.90	27,188.20	567.60
MNO Receivables	10.20	15.10	0.25	0.50	143.35	-	-	0.40	169.80	80,038.15	471.37
Investigations	1.50	4.70	-	-	21.60	-	-	-	27.80	11,435.90	411.36
Accounting and treasury	-	-	4.70	17.90	97.05	-	21.70	-	141.35	49,272.55	348.59
Statutory and compliance	-	9.30	6.60	31.95	273.80	1.45	5.50	5.50	328.60	119,358.90	363.23
Employees & pensions	-	-	2.25	7.40	32.75	18.75	1.83	1.83	62.98	16,432.05	260.91
Investigations	-	-	-	30.50	10.55	14.00	-	-	55.05	16,543.30	300.51
Creditors	3.20	-	21.85	4.90	95.75	16.70	2.05	2.05	144.45	55,807.55	386.35
Creditors committee	-	4.70	-	-	-	-	-	-	4.70	3,572.00	760.00
Tax	8.65	13.90	-	22.40	9.33	21.70	0.33	0.33	76.31	50,876.05	666.70
VAT	3.30	-	17.90	25.30	14.55	9.90	1.40	1.40	72.35	45,536.75	629.40
Total	79.85	67.90	61.10	147.60	894.48	104.80	11.51	11.51	1,367.24	581,874.00	425.58



Phones 4U Limited – in administration
Aggregate time cost summary to 20 July 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	3,526	1,909,939	542	926	249,823	2,159,762	485
Sale of business	932	497,953	534	-	-	497,953	534
Book debt realisations	346	157,137	454	-	-	157,137	454
Property	2,690	1,129,151	420	1,048	40,108	1,169,259	313
Other assets	2,275	1,013,407	445	-	-	1,013,407	445
MNO Receivables	3,399	1,607,591	473	Note 1	Note 1	Note 1	Note 1
Investigations	2,464	1,078,549	438	Note 1	Note 1	Note 1	Note 1
Retention of title	1,015	424,411	418	-	-	424,411	418
Trading	2,205	944,331	428	-	-	944,331	428
Accounting and treasury	2,344	777,504	332	757	145,611	923,115	298
Statutory and compliance	3,078	1,259,121	409	1,834	914,284	2,173,405	442
Employees & pensions	4,499	1,432,754	318	828	33,497	1,466,251	275
Creditors	6,261	2,725,456	435	2,742	768,122	3,493,578	388
Creditors committee	235	122,432	522	46	11,910	134,341	479
Tax	2,364	1,245,045	527	410	129,715	1,374,759	496
VAT	4,421	3,213,780	727	200	15,214	3,228,994	699
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	42,877	19,762,796	461	9,493	2,517,149	22,279,945	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 January 2018 to 20 July 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	865.00	865.00
Accounting and treasury	-	-	-	0.20	0.50	0.30	-	1.00	328.40	328.40
Statutory and compliance	-	-	0.20	2.10	5.40	0.55	-	8.25	2,942.40	356.65
Tax	-	-	-	0.50	0.60	1.80	-	2.90	936.90	323.07
VAT	-	-	-	1.00	0.10	-	-	1.10	520.40	473.09
Total	1.00	-	0.20	3.80	6.60	2.65	-	14.25	5,593.10	392.50



Phones 4 U Group Limited – in administration
Aggregate time cost summary to 20 July 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	24	14,046	576	5	2,738	16,784	581
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	14	4,325	316	4	1,326	5,651	319
Statutory and compliance	119	42,220	354	23	10,209	52,429	370
Employees & pensions	2	684	402	-	-	684	402
Creditors	15	5,964	392	-	-	5,964	392
Creditors committee	0	29	290	-	-	29	290
Tax	37	20,354	547	9	3,825	24,179	527
VAT	12	4,818	392	5	1,785	6,603	382
Books and records	3	1,117	324	-	-	1,117	324
Closure procedures	2	1,098	499	36	11,589	12,687	332
Total	255	102,886	404	81	31,472	134,358	401

Phones4U Finance plc – in administration

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

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Accounting and treasury	-	-	-	1.00	0.50	-	-	1.50	647.00	431.33
Statutory and compliance	-	-	0.25	2.10	6.50	0.55	-	9.40	3,305.55	351.65
Tax	-	-	-	0.60	0.95	1.80	-	3.35	1,116.80	333.37
VAT	1.10	-	-	-	4.10	6.40	-	11.60	3,658.90	315.42
Total	1.10	-	0.25	3.70	12.05	8.75	-	25.85	8,728.25	337.65



Phones4U Finance plc – in administration
Aggregate time cost summary to 20 July 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	5	2,738	11,974	499
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	22	7,620	354	4	1,326	8,946	350
Statutory and compliance	121	42,636	354	23	10,209	52,845	370
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	8	2,448	322	9	3,825	6,273	385
VAT	18	5,534	316	5	1,785	7,319	325
Books and records	0	166	368	-	-	166	368
Closure procedures	-	-	-	24	7,175	7,175	299
Total	237	84,218	355	69	27,058	111,275	364

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

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	0.50	-	-	-	1.80	-	-	2.30	979.70	425.96
Other assets	-	-	-	-	1.10	-	-	1.10	342.65	311.50
Accounting and treasury	-	-	-	0.20	1.90	0.60	-	2.70	832.10	308.19
Statutory and compliance	-	-	0.40	2.70	5.40	0.20	0.20	8.90	3,289.90	369.65
Creditors	-	-	1.20	0.10	0.75	-	-	2.05	980.10	478.10
Tax	-	-	-	0.80	1.35	4.00	-	6.15	1,858.40	302.18
VAT	-	-	-	-	0.10	-	-	0.10	30.40	304.00
Total	0.50	-	1.60	3.80	12.40	4.80	0.20	23.30	8,313.25	356.79



MobileServ Limited – in administration
Aggregate time cost summary to 20 July 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	9,044	444	5	2,738	11,782	474
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	11	5,269	462	15	7,500	12,769	484
MNO Receivables	1	405	540	-	-	405	540
Investigations	6	1,890	326	-	-	1,890	326
Trading	1	206	258	-	-	206	258
Accounting and treasury	38	11,596	309	4	1,326	12,922	311
Statutory and compliance	134	46,841	349	23	10,209	57,050	364
Employees & pensions	1	193	385	-	-	193	385
Creditors	28	12,411	439	75	21,957	34,368	333
Creditors committee	0	116	290	-	-	116	290
Tax	16	5,409	337	9	3,825	9,234	373
VAT	1	316	288	5	1,785	2,101	344
Books and records	1	288	303	-	-	288	303
Closure procedures	-	-	-	24	6,933	6,933	288
Total	262	95,582	365	159	56,273	151,855	361



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

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	1.50	-	-	33.80	22.95	7.75	-	66.00	27,746.30	420.40
Other assets	-	-	18.00	-	0.50	-	-	18.50	10,556.00	570.59
Trading	-	21.60	77.50	393.70	59.95	214.95	-	767.70	332,594.80	433.24
Accounting and treasury	-	-	1.05	12.60	18.80	12.50	-	44.95	16,207.45	360.57
Statutory and compliance	-	-	21.45	38.55	35.90	49.95	0.90	146.75	56,816.70	387.17
Creditors	-	-	0.20	1.80	3.80	0.30	-	6.10	2,510.80	411.61
Tax	-	3.45	-	8.20	4.45	27.13	-	43.23	18,025.20	416.96
VAT	-	-	1.90	-	0.55	-	-	2.45	2,636.75	1,076.22
Closure procedures	-	-	5.50	4.50	-	-	-	10.00	5,390.00	539.00
Total	1.50	25.05	125.60	493.15	146.90	312.58	0.90	1,105.68	472,484.00	427.32



Policy Administration Services Limited – in administration
Aggregate time cost summary to 20 July 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	755	311,703	413	378	181,216	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	658	283,055	430	326	151,880	434,935	442
Trading	6,500	2,987,464	460	2,068	1,003,031	3,990,495	466
Accounting and treasury	882	292,127	331	397	192,070	484,197	379
Statutory and compliance	1,200	482,368	402	410	205,517	687,886	427
Employees & pensions	205	87,211	425	-	-	87,211	425
Investigations	9	3,239	352	-	-	3,239	352
Creditors	252	108,034	429	119	56,283	164,317	443
Creditors committee	49	21,725	439	22	10,319	32,044	449
Tax	376	195,751	521	99	48,968	244,719	515
VAT	191	152,163	796	69	31,041	183,204	704
Books and records	72	28,507	393	-	-	28,507	393
Closure procedures	73	40,792	558	259	147,885	188,677	569
Total	11,367	5,068,052	446	4,147	2,028,209	7,096,261	457



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

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	-	-	-	0.10	-	-	0.10	30.40	304.00
Accounting and treasury	-	-	-	0.20	1.35	-	-	1.55	510.50	329.35
Statutory and compliance	-	-	0.25	2.30	5.20	0.55	-	8.30	3,007.15	362.31
Creditors	-	-	-	-	0.20	-	-	0.20	63.00	315.00
Tax	-	-	-	0.70	1.15	5.80	-	7.65	2,111.10	275.96
VAT	-	-	-	-	0.10	-	-	0.10	30.40	304.00
Total	-	-	0.25	3.20	8.10	6.35	-	17.90	5,752.55	321.37



Phosphorus Acquisition Limited – in administration
Aggregate time cost summary to 20 July 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	19	7,864	424	5	2,738	10,601	460
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	22	6,764	309	4	1,326	8,090	312
Statutory and compliance	115	39,935	348	23	10,209	50,144	365
Employees & pensions	0	134	445	-	-	134	445
Investigations	6	1,849	324	-	-	1,849	324
Creditors	8	2,954	365	-	-	2,954	365
Creditors committee	0	58	290	-	-	58	290
Tax	10	2,883	281	9	3,825	6,708	354
VAT	1	347	289	5	1,785	2,132	344
Books and records	0	166	368	-	-	166	368
Closure procedures	0	94	470	20	5,765	5,859	290
Total	189	66,106	349	65	25,648	91,753	361



8. Receipts and payments accounts

Phones 4U Limited – in administration

From 21 January 2018 to 20 July 2018

Directors' statement of affairs	15 September 2014 to 20 January 2018	21 January 2018 to 20 July 2018	Total to 20 July 2018
£	£	£	£
Floating charge			
Receipts			
1,003,700	Accrued income	-	-
35,168,467	Amounts related to stock	30,308,407.18	30,308,407.18
1,526,401	Book debts	3,036,906.35	3,037,008.35
Undisclosed	Network commissions	98,640,225.01	102.00
73,581,338	Cash at bank	92,967,951.25	139,035,037.95
	Contribution to costs from group companies	7,289,818.05	237,675,262.96
	Contributions to legal fees	1,428,408.51	92,967,951.25
	Contributions to rent	6,803,928.09	7,289,818.05
	Contributions to wages	447,000.00	1,928,408.51
	Employment Benefit Trust settlement	1,500,000.00	6,803,928.09
	Insurance refunds	148,464.98	447,000.00
156,652	Intercompany debtors	-	1,500,000.00
	Intellectual property rights	100,000.00	148,464.98
	Interest received gross	1,164,970.65	-
2,250,000	Lease premiums	743,400.01	100,000.00
	Miscellaneous receipts	41,597.60	205,177.78
	Office equipment	201,702.32	1,370,148.43
46,122	Pre-payments	-	743,400.01
	Rates refunds	1,234,467.96	41,797.60
	Other refunds	211,777.09	201,702.32
	Sale of business	14,218,577.86	-
	Software licences	180,100.00	1,234,467.96
5,870,969	Subrogated inter-company claims	-	216,670.57
250,000	Tangible fixed assets	-	14,218,577.86
	Third party funds	192,307.12	180,100.00
Undisclosed	Total receipts	260,860,010.03	139,745,411.21
			400,605,421.24

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 January 2018 £	21 January 2018 to 20 July 2018 £	Total to 20 July 2018 £
Floating charge			
Payments			
Agents' fees	20,882,640 75	22,671,142 45	43,553,783 20
Amounts relating to stock	556,577 00	-	556,577 00
Bank charges	23,519 08	240 15	23,759 23
Cleaning and site clearance	34,590 37	-	34,590 37
Consultancy fees	505,195 10	500 00	505,695 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	10,268,840 18	138,978 90	10,407,819 08
Insurance	397,833 46	2,973 82	400,807 28
Irrecoverable VAT	179,330 03	-	179,330 03
IT costs	2,761,241 22	27,356 28	2,788,597 50
Legal fees	10,867,308 20	644,052 44	11,511,360 64
Lease/hire charges	3,524 80	-	3,524 80
Office costs, stationery and postage	-	6,820 51	6,820 51
Office holders' fees	18,873,080 15	294,760 80	19,167,840 95
Office holders' expenses	221,863 79	35,047 81	256,911 60
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	1,414,372 35	5,568 25	1,419,940 60
Sundry appointment related costs	18,085 27	397 00	18,482 27
Transport and carriage	354,899 40	-	354,899 40
Utilities	1,151,494 41	-	1,151,494 41
Total payments	77,126,232 04	23,827,838 41	100,954,070 45
Net floating charge realisations	183,733,777 99	115,917,572 80	299,651,350 79
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	110,163,152 11	80,840,350 19	191,003,502 30
Total distributions to Noteholders	110,163,152 11	80,840,350 19	191,003,502 30
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	131,262,943 29	80,840,350 19	212,103,293 48
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	2,324,924 81	20,840,289 50	23,165,214 31
Balance held in interest bearing current accounts	53,079,245 53	55,917,512 11	108,996,757 64
Represented by			
Held in Barclays			3,385,088 40
Invested in high interest account			105,611,669 24
Total			108,996,757 64

Note 1

VAT of £25.4m has been paid to HMRC after the period end of this report in respect of the VAT quarter ending June 2018. This amount will be shown in the receipts and payments account in our next progress report.



Phones 4 U Group Limited – in administration

From 21 January 2018 to 20 July 2018

Directors' statement of affairs £	15 September 2014 to 20 January 2018 £	21 January 2018 to 20 July 2018 £	Total to 20 July 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 January 2018 to 20 July 2018

Directors' statement of affairs £	15 September 2014 to 20 January 2018 £	21 January 2018 to 20 July 2018 £	Total to 20 July 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 January 2018 to 20 July 2018

Directors' statement of affairs	15 September 2014 to 20 January 2018	21 January 2018 to 20 July 2018	Total to 20 July 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	270,809 28	7,787 24	278,596 52
Investments	444,556 23	-	444,556 23
Sundry debts and refunds	10 00	-	10 00
Third party funds	-	-	-
(18,739,611) Total receipts	5,461,337 45	7,787 24	5,469,124 69
Payments			
Bank charges	61,737 95	-	61,737 95
Legal fees	74,209 39	-	74,209 39
Office holders' fees	66,603 25	23,546 70	90,149 95
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	209,618 70	23,546 70	233,165 40
Net floating charge realisations	5,251,718 75	(15,759 46)	5,235,959 29
VAT control account	-	(4,709 34)	(4,709 34)
Balance held in interest bearing current account	5,251,718 75	(20,468 80)	5,231,249 95
Represented by			£
Held in Barclays account			5,231,249 95
Total			5,231,249 95

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 January 2018 to 20 July 2018

Directors' statement of affairs		16 September 2014 to 20 January 2018	21 January 2018 to 20 July 2018	Total to 20 July 2018
£		£	£	£
Trading statement				
Receipts				
27,000,000	Customer insurance premiums	107,626,762.69	7,145,690.06	114,772,452.75
	Customer refunds and claims paid in cash	(2,587,575.81)	(135,613.09)	(2,723,188.90)
	Dividends received from P4UC	31,150,000.00	1,600,000.00	32,750,000.00
	Interest received gross	274,013.28	35,442.68	309,455.96
	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	140,056,682.40	8,645,519.65	148,702,202.05
Payments				
	Agents' fees	23,207,862.23	1,631,887.01	24,839,749.24
	Bank charges	153,795.25	15,486.63	169,281.88
	Distribution			
	Duress payments	931,978.33	-	931,978.33
	Insurance	51,323,119.56	4,871,165.70	56,194,285.26
	IT costs	460,351.31	6,540.00	466,891.31
	Legal fees	1,280,941.96	8,790.66	1,289,732.62
	Office costs	413,132.00	-	413,132.00
	Office holders' expenses	30,376.60	1,518.56	31,895.16
	Office holders' fees	4,182,766.60	607,904.88	4,790,671.48
	Property	18,612.88		18,612.88
	Stock purchase	20,167,985.76	754,461.18	20,922,446.94
	Trade creditors	102,605.77	35.00	102,640.77
	Warehouse costs	357,826.00	-	357,826.00
	Wages and salaries	832,639.94	63.19	832,703.13
	Total trading payments	103,463,994.19	7,897,852.81	111,361,847.00
	Trading account surplus/(loss)	36,592,688.21	747,666.84	37,340,355.05



Directors' statement of affairs	16 September 2014 to 20 January 2018	21 January 2018 to 20 July 2018	Total to 20 July 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)	36,592,688 21	747,666 84	37,340,355 05
19,721,006 Total receipts	50,418,390 81	747,666.84	51,166,057.65
Payments			
Corporation tax	5,866,767 46	650,227 14	6,516,994 60
Total payments	5,866,767 46	650,227.14	6,516,994.60
VAT control account	1,855,363 09	118,433 85	1,973,796 94
Recoverable VAT			
Floating charge realisations	42,696,260 26	(20,994.15)	42,675,266.11
Secured creditors			
Distribution to senior secured Noteholders	23,136,847 89	5,159,649 81	28,296,497.70
Total secured creditor entitlements	23,136,847 89	5,159,649.81	28,296,497.70
Balance held in interest bearing accounts	19,559,412 37	(5,180,643.96)	14,378,768.41
Represented by			£
Held at Barclays			6,407,147 78
Held at Lloyds			851,267 40
Held at ANZ			7,120,353 23
Total			14,378,768.41

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 January 2018 to 20 July 2018

Directors' statement of affairs		15 September 2014 to 20 January 2018	21 January 2018 to 20 July 2018	Total to 20 July 2018
£		£	£	£
Floating charge				
Receipts				
69,473	Cash at bank	69,472.80	-	69,472.80
	Bank interest	517.96	19.89	537.85
129,806	Intercompany debtors	-	-	-
7,328	Prepayments	-	-	-
206,607	Total receipts	69,990.76	19.89	70,010.65
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		13,183.02	19.89	13,202.91
VAT control account		-	-	-
Balance held in interest bearing current account		13,183.02	19.89	13,202.91
Represented by				£
	Held in Barclays account			13,202.91
	Total			13,202.91

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 January 2018 to 20 July 2018

	Expenses incurred brought forward from 20 January 2018 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2018 (£)	Estimated future (£)	Anticipated total (£)
Agents' fees	20,882,640.75	22,746,142.45	43,628,783.20	-	43,628,783.20
Amounts relating to stock	556,577.00	-	556,577.00	-	556,577.00
Bank charges	23,519.08	240.15	23,759.23	12,690.00	36,449.23
Cleaning and site clearance	34,590.37	-	34,590.37	-	34,590.37
Consultancy fees	505,195.10	500.00	505,695.10	-	505,695.10
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	10,268,840.18	162,620.72	10,431,460.90	829,030.00	11,260,490.90
Insurance	397,833.46	2,973.82	400,807.28	15,700.00	416,507.28
Irrecoverable VAT	179,330.03	-	179,330.03	-	179,330.03
IT costs	2,761,241.22	27,356.28	2,788,597.50	133,580.00	2,922,177.50
Legal fees (P4U)	11,110,709.93	497,653.28	11,608,363.21	258,680.00	11,867,043.21
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	19,180,921.60	581,784.00	19,762,705.60	2,517,149.00	22,279,854.60
Office holders' expenses	415,416.33	48,771.83	464,188.16	297,000.00	761,188.16
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	200.00	494.46
Storage costs	1,414,372.35	6,262.20	1,420,634.55	21,000.00	1,441,634.55
Sundry appointment related costs	18,085.27	397.00	18,482.27	4,000.00	22,482.27
Transport and carriage	354,899.40	-	354,899.40	-	354,899.40
Utilities	1,151,494.41	-	1,151,494.41	-	1,151,494.41
Contribution to expenses excluding legal fees from group companies	(7,289,818.05)	-	(7,289,818.05)	-	(7,289,818.05)
Total	70,601,235.73	24,074,701.73	94,675,937.46	4,089,029.00	98,764,966.46

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 July 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 January 2018 to 20 July 2018

	Expenses incurred brought forward from 20 January 2018 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Legal fees	6,143.06	-	6,143.06	-	6,143.06
Office holders' expenses	490.92	-	490.92	1,000.00	1,490.92
Office holders' fees	97,293.12	5,593.10	102,886.22	31,471.50	134,357.72
Total	103,927.10	5,593.10	109,520.20	32,471.50	141,991.70

Phones4U Finance plc – in administration

From 21 January 2018 to 20 July 2018

	Expenses incurred brought forward from 20 January 2018 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	5.60	-	5.60	-	5.60
Legal fees	6,202.30	-	6,202.30	-	6,202.30
Office holders' expenses	3,676.26	2.66	3,678.92	10,000.00	13,678.92
Office holders' fees	75,489.50	8,728.25	84,217.75	27,057.50	111,275.25
Professional fees	79,966.56	-	79,966.56	-	79,966.56
Total	165,340.22	8,730.91	174,071.13	37,057.50	211,128.63

MobileServ Limited – in administration

From 21 January 2018 to 20 July 2018

	Expenses incurred brought forward from 20 January 2018 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2018 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	61,737.95	-	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	1.98	757.58	1,000.00	1,757.58
Office holders' fees	87,268.97	8,313.25	95,582.22	56,273.00	151,855.22
Sundry appointment related costs	1,480.00	-	1,480.00	1,000.00	2,480.00
Total	225,451.91	8,315.23	233,767.14	63,373.00	297,140.14



Phosphorus Acquisition Limited – in administration

From 21 January 2018 to 20 July 2018

	Expenses incurred brought forward from 20 January 2018 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 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	-	7,007.79
Office holders' expenses	547 58	2 84	550 42	1,000.00	1,550.42
Office holders' fees	60,352.95	5,752.55	66,105 50	25,647 50	91,753.00
Sundry appointment related costs	434 00	-	434.00	1,000 00	1,434.00
Total	68,360 72	5,755.39	74,116.11	27,747.50	101,863.61

Policy Administration Services Limited – in administration

From 21 January 2018 to 20 July 2018

	Expenses incurred brought forward from 20 January 2018 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2018 (£)	Estimated future expenses (£)	Estimated total expenses (£)
Agents' fees	25,117,976 66	1,010,522 43	26,128,499 09	7,423,192 36	33,551,691 45
Bank charges	248,331 32	15,486 63	263,817 95	11,972 02	275,789 97
Duress payments	931,978 33	-	931,978 33	-	931,978 33
Insurance	52,201,951 19	3,997,866 20	56,199,817 39	11,656,338 95	67,856,156 34
IT costs	462,439 31	4,452 00	466,891 31	16,908 00	483,799 31
Legal fees	1,282,494 90	7,237 72	1,289,732 62	333,367 00	1,623,099 62
Office costs	413,132 00	-	413,132 00	-	413,132 00
Office holders' fees	4,595,568 33	472,484 00	5,068,052 33	2,028,208 79	7,096,261 12
Office holders' expenses	31,895 16	34 71	31,929 87	7,465 29	39,395 16
Property	18,612 88	-	18,612 88	-	18,612 88
Stock purchase	20,202,808 65	775,997 07	20,978,805 72	-	20,978,805 72
Trade creditors	102,605 77	35 00	102,640 77	81,922 36	184,563 13
Warehouse costs	357,826 00	-	357,826 00	-	357,826 00
Wages and salaries	832,639 94	63 19	832,703 13	-	832,703 13
Total	106,800,260.44	6,284,178.95	113,084,439.39	21,559,374.76	134,643,814.15

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	368.2	368.3	Section 5.1
Less costs of realisations		(24.0)	(21.9)	Section 5.1
Net realisations		344.2	346.4	
PAS				
Trading		47.1	48.2	
Corporation tax		(7.6)	(7.9)	
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		28.5	29.3	Section 5.2
Other costs				
Administrators fees		(22.8)	(21.2)	Section 5.5
RCF set off costs	Note 3	(100.9)	(98.9)	Section 5.4
Other professional fees		(13.2)	(12.7)	Section 7.8
Preferential creditors		(1.7)	(1.7)	
Prescribed part		(1.2)	(1.2)	Section 5.6
Potential VAT expense	Note 4	-	-	
Total available to secured creditors		232.9	240.0	
Super senior notes		430.0	430.0	
Estimated return		54%	56%	Section 4
Total returns, £m				
Returned to date	Note 5	219.3	219.3	
Future return		13.4	20.6	
Estimated return		232.7	239.9	
Total returns, %				
Returned to date	Note 5	51%	51%	
Future return		3%	5%	
Estimated return		54%	56%	

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 July 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 July 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.