
Joint Administrators' Fourth Progress Report

For the period from 21 January 2016 to 20 July
2016

Phones 4U Limited

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

18 August 2016

Phones 4 U 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 fourth report to creditors providing an update on the progress of the administrations of the Companies. 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.

There is the prospect of a dividend being paid to unsecured creditors of certain (but not all) of the Companies from the ring-fenced prescribed part fund. However, due to the estimated and significant level of total claims, any dividend is likely to be very small and the timing is unconfirmed at present. Please refer to Section 5.7 for further details.

Customers of Phones 4U Limited

The website at www.pwc.co.uk/phones4u contains all the relevant 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, Benson House, 33 Wellington Street, Leeds, LS1 4JP

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. Whilst we expect that a dividend will be paid on the remaining ('unsecured') part in due course from the prescribed part fund, please note that this is likely to take some time for the reasons explained in this report.

Noteholders

We continue to liaise with the holders of the Notes (as defined below). These Noteholders are expected to have the primary economic interest in the progress of the Companies' administrations.

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



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. 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 estimated outcome calculations (see Section 10), except to the extent that third party costs have been incurred to 20 July 2016.

The same approach has been taken in respect of our investigatory work (see Section 5.5), from which no prospective income has been assumed and no associated costs have been reflected, except to the extent third party costs have been incurred to 20 July 2016.

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.

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” or “we”	Robert Jonathan Hunt, 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, Dan Yoram Schwarzmann, Robert Jonathan Hunt and Ian David Green in respect of Policy Administration Services Limited
“Aon”	Aon Insurance Managers Isle of Man Limited
“Anovo”	Anovo UK Limited
“EE”	Everything Everywhere Limited
“FCA”	Financial Conduct Authority
“FOS”	Financial Ombudsman Service
“HMRC”	HM Revenue & Customs
“IA86”	The Insolvency Act 1986
“IR86”	The Insolvency Rules 1986
“LGI”	London and General Insurance Company Limited
“Lloyds”	Lloyds Bank Plc
“LSG”	Lifestyle Services Group Limited
“MNO”	Mobile Network Operator
“Notes”	Senior secured notes 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
“Prime Retail”	Prime Retail Property Consultants
“Proposals”	The Administrators’ statement of proposals for achieving the purpose of the administrations, dated 6 November 2014
“PwC”	PricewaterhouseCoopers LLP
“RCF”	Revolving credit facility
“ROT”	Retention of title
“Schedule B1 IA86”	Schedule B1 to the Insolvency Act 1986
“SLM”	Service level metric
“TUPE”	Transfer of Undertaking (Protection of Employment) Regulations 2006
“VAT”	Value added tax

3. Introduction

We previously wrote to all known creditors to give notice that we were appointed joint 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	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. The administration of 4U Limited ended on 10 September 2015 and the company has since been dissolved.

In accordance with Rule 2.47 IR86, we write to provide creditors with details of the progress of each administration in the six months to 20 July 2016.

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, or earlier in respect of any administration that is capable of being concluded in the meantime.

Yours faithfully
For and on behalf of the Companies



Ian Green, Joint Administrator

Robert Jonathan Hunt, 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, Dan Yoram Schwarzmann, Robert Jonathan Hunt 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 Institute of Chartered Accountants in England and Wales. The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration. 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 realisations from MNO receivables; potential income from ongoing investigations and certain associated costs. An estimated financial outcome statement is provided in Section 10. More information is provided later in this report. 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 IA86)</i>					
Estimated total debt:	£19,810,000	RCF				
	£430,000,000	Notes				
Estimated % recovery for secured creditors :	100% for RCF lenders and between 25% and 28% for the Noteholders (on the basis set out in Section 5.7)					
Forecast timing:	Subsequent to the period of this progress report we received directions from the court regarding the VAT treatment of connection commissions received during the course of the administration (see Section 5.1 VAT liabilities). However, the timing and quantum of any future distribution remains uncertain and is dependent on the matters set out in Section 5 of this report, most notably the progress of the investigations work stream.					
	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 2)	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.

Note 2 This figure has been reduced from the estimate provided in the directors' Statement of Affairs as claims have been admitted and paid.



	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
	Estimated dividend prospects for unsecured creditors <i>(creditors who are neither secured nor preferential)</i>					
Amount owed to unsecured creditors: <i>(as per the statement of affairs)</i>	£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:	See comment below and Section 5.7.	Nil	Nil	See comment below and Section 5.7.	Nil	6 months

Where dividends are possible, these are only expected to arise from the ring-fenced funds under the ‘prescribed part’ provisions of the IA86. We explain further in Section 5.7.

Unsecured creditors are encouraged to submit a claim (if not already done so), but should note that the outstanding issues described later are likely to determine the amounts available for distribution and may not be resolved or completed for considerable time.

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:

- Progressing strategy and negotiations for the collection of MNO receivables;
- Liaising with HMRC and specialists on the resolution of complex VAT matters;
- Preparation and filing of an application to court and obtaining directions on the larger VAT matter (outlined in Section 5.1);
- Continued trading of the PAS business;
- Ongoing investigations into potential claims;
- Progressing the unsecured claim agreement process in preparation for a prescribed part distribution in PAS, P4U Limited and MobileServ;
- Ongoing oversight and management of protective award claims by former employees;
- Preparation of fee approval documentation for the basis of our remuneration and expenses for certain aspects of our work;
- Continuation of property lease assignments/surrenders; and
- Sale of residual retail stocks and liaison with the warehouse regarding the disposal of stock with no expected realisable value.

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

Since the date of our last report, we have completed the lease assignment process of the majority of the 198 stores acquired by Vodafone and EE. Assignments on a handful of these leases were not progressed by EE and Vodafone and in these instances we have requested informal surrenders of the leases from the landlords.

Of the 365 stores that were not acquired by Vodafone or EE and in conjunction with our advisors (Prime Retail), we have secured premiums on surrender of leases of £0.7m for 20 stores. No premiums have been received in the period and we consider that there is no further value available in the remaining leases.

We are continuing to progress the informal surrender of the leases in respect of those stores which we handed back to landlords because no premium value was identified. We have issued surrender letters in relation to all remaining properties to the respective landlords, with around 233 having been completed so far (including 83 since our last report).



We have recovered £1.2m in total in business rates refunds with the assistance of specialist agents (CAPA), of which £153k was recovered in the period of this report. We understand from our agents that the majority of business rates refunds due to P4U have now been received and any further recoveries are likely to be minimal.

Stock

On appointment, the Group held stock with a book value of £89m in a number of locations across the UK and we previously reported that ROT claims had been made over a significant proportion.

Since our last progress report, we have realised £0.1m through continued sale of residual stock items at auction. These funds do not yet appear on the receipts and payments account at Section 8 as they were received shortly after the period end of this report.

The auction process is now substantially complete, with any remaining stock not deemed to have any realisable value.

We hold several pallets of residual stock, for which there have been no ROT claims. We plan to dispose of this stock over the course of the next two months and invite any creditors who believe they have a claim to contact us, providing supporting documentation.

MNO Receivables

Total receipts to 20 July 2016 in this area of the administration remain unchanged from our last report at £32.5m (net of VAT), as can be seen in the enclosed receipts and payments account.

Work continues to be performed to process ongoing customer behaviour information in order to update estimated revenue models and work through discrepancies identified between P4U records and those of the MNOs. A detailed narrative of work undertaken in this area over the last six months can be found in Section 7.3.

As previously noted, there are two remaining MNOs from whom we expect to recover further amounts over the course of the administration. We have reached a position with one MNO whereby all outstanding claims relating to data discrepancies, identified between P4U records and those of that particular MNO (arising both pre and post administration), have been agreed. We previously noted that we expected payments from this MNO to begin falling due in 2016 and continuing until 2024. This remains the case and shortly following the period covered by this report the first payment was received. Based on the current information we have, payments from this MNO are expected to continue to be paid monthly and the total value of receipts to 20 January 2017 will be disclosed in our next six monthly progress report.

In our previous report we estimated that it would take six months to work through the discrepancies identified between the records of P4U and the other remaining MNO, albeit this was dependent on the continued co-operation of that relevant MNO. Whilst progress has been made to work through the claims, new claims have been identified since January 2016 which have required further work to agree. Based on the current progress and engagement with this MNO it is targeted that all claims will be worked through by the end of September 2016. We have continued to receive customer data files from this MNO and meet regularly to discuss trading claims and current customer data. We believe that, based on the current information we have available to us, this MNO has now fallen into a payable position, the quantum of which will continue to increase over the next six months. We have not received payment of this balance to date



and will be taking measures to recover the amount over the course of the coming months. As we have previously reported, this position is complicated by the fact that we have received a pre-action letter from that relevant MNO alleging a very substantial damages claim against P4U for, amongst other things, breach of contract. Another letter reiterating the claim was received during the period covered by this report. Our view remains that this claim is without merit and litigation may be required to resolve the issue. It is likely that this will impact upon at least the timing for resolving the total amount due from that MNO.

Retained and former P4U employees continue to work on this matter and we have a commission-based programme in place to incentivise the employees to maximise recoveries. During the period covered by this report, no commission accrued as no amounts were received.

Employee Benefit Trust

As a result of a settlement agreement entered into for the benefit of P4U and PAS in relation to the legacy employee benefit trust issue referred to in our second progress report, we have received cash consideration of £1.5m in the period.

Employees

At the start of the period there were seven remaining team members assisting with the collection of MNO receivables. Since then one further employee has left the business leaving six employees remaining.

We previously reported that a proportion of those employees made redundant on administration had filed protective award claims at various Employment Tribunals across the country. All of the claims which were filed have now been transferred and consolidated to an Employment Tribunal located in Birmingham (save for seven in Northern Ireland which cannot be transferred given that they are in a different jurisdiction) and around 60% have been struck out following a preliminary hearing in April 2016. This leaves 409 claims which are due to be heard at a substantive hearing in September 2016. We continue to assess the merits of pursuing the litigation.

VAT liabilities

We have previously reported on two significant VAT issues affecting the administrations of the Companies (other than PAS, which is in a separate VAT group) requiring clarification. One issue has now been determined and the second issue remains ongoing.

The first issue concerned the extent to which the Companies could be liable to account to HMRC for VAT in the course of the relevant administrations on connection commissions earned under the MNO contracts. In order to resolve this issue, we were advised that we needed to apply for directions from the High Court. This required significant input from ourselves and our advisers. The hearing was on 21 July 2016. The outcome of the hearing went in our favour. As a result of these directions, we consider that we now have obtained the necessary certainty on this issue. This is an important milestone in the administration.

Although the hearing was heard in private, the judge ordered that a redacted version of his judgment be made public. The purpose of the redactions is to maintain the confidentiality of certain documents which have been sealed and are to be kept confidential. The redacted judgment is available at the British and Irish Legal Information Institute website.



Whilst the hearing date was outside the period of this report, given the positive impact the outcome has on our ability to provide a distribution to the secured creditors, we considered it appropriate to include in this report.

The second significant VAT issue concerns financing arrangements entered into by P4U in June 2013 and September 2013 which involved Trade Bill Discounting Facility Agreements between P4U and Barclays respectively. The amount in question relates to VAT that, pursuant to P4U's previous practice which was agreed with HMRC, was considered by P4U to be payable to HMRC on maturity of the relevant bills.

We have analysed this issue in detail and we consider that this methodology of accounting for VAT was incorrect. We subsequently met with HMRC in September 2015 and HMRC requested to be provided with additional information in order to consider the Trade Billing Discounting Facility Agreements further, and we provided this to the extent it was available in October 2015. HMRC have yet to provide a substantive response to this additional information.

Based on the quantum of bills of exchange outstanding at the point of administration, which during the period of this report has been confirmed with Barclays, we consider the maximum exposure regarding this second issue to be £37.4m.

We intend to engage in further discussions with HMRC on this second issue over the coming weeks. In due course it may be necessary to apply to the High Court for directions in respect of this matter.

5.2 Policy Administration Services Limited

PAS is an 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 renewed on a monthly basis and customers can cancel these at any time.

Trading

The business continues to perform well. The customer base has declined to approximately 274,000 policyholders as at the end of June 2016. We expect this to reduce steadily to approximately 129,000 by 15 September 2017, which is the current end date of that administration.

In the last progress report, we reported that advantageous terms and conditions had been agreed with the underwriter and these had been offered to our policyholders. To continue promoting the longevity of the business, we have adopted the additional strategies set out below:

- i. Retention of policyholders - we are now allowing customers to switch between the Premierplan and Phones 4U Care policies. Previously the only option was for customers to cancel their policy if they were unhappy with the level of cover their policy provided. To date, we have successfully retained 2,700 policyholders as a result; and
- ii. Absorption of costs due to increases in Insurance Premium Tax - this increased in November 2015 from 6% to 9.5% and is due to increase again in October 2016 by 0.5% to 10%. We have decided that this cost increase will continue to be absorbed by PAS and will not be passed on to the customer as this may result in increased cancellations which will be disadvantageous to the scheme.



As described above, all policies are automatically renewed every 30 days until they are cancelled by customers. As no renewal notices are sent to our policyholders, we continue to send annual reminders to all our customers to check that they continue to need or want their policy. This is in accordance with industry 'best practice' so that customers are treated fairly. Following our experience from contacting the customer base last year, the annual reminders are to be sent in the same manner, i.e. over the course of the summer to reduce any potential significant spikes in the number of calls received by the call centre and therefore reduce any impact in the way customers' enquiries are administered. We plan to complete this exercise by the end of October.

Our priority remains for customers to receive an efficient and a high quality service whilst maximising revenue for creditors. Our team continues to spend a considerable amount of time monitoring the qualitative and quantitative SLMs in accordance with the LSG outsourcer agreement. We currently have 20 dedicated LSG agents (compared with 32 as at the date of our last report) who have processed an average of 3,000 claims per month in the last 12 months. PAS continues to perform comparably with the highest achieving firms in the sector in respect of claims accepted/paid, claims withdrawn/not completed and average claim process time, which we monitor regularly through internal audits.

Our supply chain has now been streamlined and a more efficient and cost effective service is being provided by LSG. We have now terminated our contract with the repairer Anovo and all proceeds from the sale of PAS handsets have been remitted to us. The technical support to customers over the phone and online has also been transferred successfully from Anovo to LSG.

This change now enables the business to identify the root cause of these technical calls and assist us with our trading strategy for the business. LSG continues to manage stock at very competitive prices for the administration and will also dispose of any future handsets no longer repaired.

No concerns have been raised by the underwriter LGI in respect of the operation of the PAS scheme. This has led to management meetings with LGI being changed from quarterly to six monthly. We continue to produce detailed monthly management information reports for the underwriter to enable them to meet their regulatory obligations.

Asset realisation

PAS continues to be a profitable business and in the last six months the book performed ahead of our expectations. This is mainly due to disconnection and claim rates being lower than our forecast. Most of the Phones 4U Care policyholders have been connected for two years or longer; claim rates have fallen in this category. A combination of our strategies aimed at promoting the longevity of the business as described earlier may have impacted the profits favourably.

We therefore expect that the business will continue to run to September 2017 and estimate a net profit of approximately between £29m to £35m over the period from the date of administration to 16 September 2017 (before tax, legal and Administrators' fees, and payment of the prescribed part to unsecured creditors). This estimate is highly sensitive to policy cancellations.

In the period, we have also settled the intercompany balance of £7.7m (excluding VAT) owed to P4U in relation to stock, other rechargeable costs relating to the closure of the head office, and legal fees incurred since the administration date. Further details are included in the enclosed receipts and payments account for PAS in Section 8.



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.

As part of the FCA's changes to their complaint handling rules, our processes have been updated as follows:

- All complaints received on or after 30 June 2016 will be reportable to the FCA, where previously complaints resolved before the end of the 'next business day' were excluded;
- The FCA has extended the time period to handle complaints informally from the 'next business day' to three business days after receipt of the complaint. As far as possible, we continue to resolve complaints as soon as possible; and
- All customers who log a complaint, whether this has been resolved successfully or not, are made aware of their rights in relation to FOS.

Despite the above changes, our complaint assessment processes remain appropriate. We continue to monitor and regularly audit these processes and our findings have found no major or systemic risk in the way the outsourcer handles these claims. The FOS upheld rate of PAS complaints during the last 12 months is 26% (seven cases), which compares favourably to the industry norm of between 40%-50%.

Subsidiary

PAS is the parent company of a captive reinsurer in the Isle of Man, P4UC, which reinsures the insurance business.

As reported in the last progress report, PAS shared the operational cost of the captive with another company to 30 June 2016. We had agreed with the P4UC board that PAS would not meet all expenses by itself thereafter and considered alternative captive management solutions.

The P4UC board has received various quotes from different captive management companies in the Isle of Man, which ourselves and the board have now assessed. It was determined that Aon is the most suitable captive manager and an appropriate management agreement has been negotiated to reflect the nature of the PAS business. We are pleased to report that from 1 July 2016, Aon is officially appointed as the captive manager.

Further to the dividend of £12m from P4UC to PAS in November 2015, we have agreed with P4UC that dividends are to be paid on a quarterly basis thereafter. Additional dividends of approximately £5.6m have been paid in the first two quarters of 2016.

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, MobileServ Limited has received a dividend from a subsidiary company of £24,778. The only other realisation was interest of £94 in Phosphorus Acquisition Limited.



Assets (£'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	-	263	0	-
Total realised	5	5,343	69	-

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 and we continue to explore options relating to the collection of outstanding amounts under the loan agreements which fall due for payment in 2019.

Aside from this, there are no further known assets to realise in any of these four companies. However, we consider 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 holders of £430m senior secured notes issued by Phones4u Finance plc as secured creditors with balances outstanding in the administration.

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 2016, the Security Trustee continues to hold £10m (less certain legal and trustee fees incurred and deducted since the balance was retained) and a further £1m is held on trust in relation to potential claims of the Senior Note Trustee. During the period we have continued discussions with the Security Trustee legal advisors in order to establish how its retained balance can be reduced and distributed to secured creditors. These discussions remain ongoing. 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).

In previous reports we have set out the members of the informal creditors' committee of Noteholders. An additional member, Taconic Capital Advisors UK, joined the committee 8 March 2016. We continue to communicate with members on a regular basis.

We intend to hold a call with the informal creditors' committee in the weeks following the release of this report. Minutes of this meeting will be available to download shortly afterwards at www.pwc.co.uk/phones4u.



5.5 Investigations

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

Pre-action correspondence has been issued to potential defendants and expert witnesses have been engaged to assist us in progressing the matter further. Due to the potentially material commercially sensitive nature of these investigations we do not think it would be appropriate to disclose any further information at this stage.

5.6 Administrators' remuneration

In our last report, we explained that we had obtained fee approval (the "Fee Approval") from all of the relevant classes of creditors in respect of all work carried out by us, in connection with the administrations of the Companies (the "Included Work") to 31 August 2015, except for work in relation to MNO receivables and the potential investigations ("Excluded Work").

Due to the ongoing VAT issues outlined in Section 5.1, we did not draw any fees from P4U or the other companies within its VAT group. PAS is not in the P4U VAT group and so we drew remuneration in line with the Fee Approval obtained, during the period of this report.

As outlined within Section 5.1 above, directions on the larger VAT issue have now been received from the High Court and we intend to draw this remuneration in accordance with the Fee Approval to 31 August 2015 before the release of the next progress report.

In the period we have continued to liaise with the informal creditors' committee regarding the most appropriate basis for our remuneration. It is now intended that during the course of the next month we will write to the secured creditors seeking approval for:

- i. the basis of our remuneration in respect of all work carried out by us in connection with the previously Excluded Work, being fixed by reference to the time properly given by the Administrators and various grades of their staff in attending to matters arising in the administrations;
- ii. the payment of our remuneration in respect of the previously Excluded Work accrued up to (and including) 20 July 2016; and
- iii. the payment of our remuneration on the basis approved in the prior Fee Approval for Included Work from 1 September 2015 up to (and including) 20 July 2016.

We do not intend to seek approval (in addition to the approvals described above) at this time from the secured creditors in relation to future payments made in accordance with the basis of fees agreed in respect of both the Excluded Work and the Included Work. We will include details of any such payments in future progress reports.

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



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

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IR86. 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 2.109 IR86. 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.

5.7 Outcome for creditors

Secured creditors

We remain of the view that there will be insufficient funds to repay the Noteholders in full and that they are therefore likely to be the party with the primary economic interest in the progress and outcome of the administrations.

Since our last report we have amended our outcome statement to include forecast income and costs associated with the PAS business for the period ending September 2017 for both the upper and lower case estimated outcomes. PAS has previously only forecast to December 2016, but during the period took the decision to continue trading until September 2017 (the current administration close date). Forecast costs excluding PAS have also been extended to September 2017 in the upper case, from December 2016 previously.

The range of estimated outcomes for the Noteholders is 25% to 28%. Whilst forecast recoveries from PAS have slightly improved, this has been largely offset by:

- an increase in forecast administration costs due to additional work required to be performed in the period in relation to the larger VAT issue outlined in Section 5.1;
- higher case estimates including employee, property and administration fees being forecast to September 2017 as opposed to December 2016, due to the ongoing matters outlined in Section 5.1; and
- annual charge out rate increases being applied to forecast time cost balances.

We provide our estimated financial outcome statement in Section 10.

Consistent with our previous progress report, the estimated outcome excludes any potential future recoveries from the MNO receivables or our investigatory work. Legal and other professional fees incurred to date with regards the investigatory work have been incorporated, but not potential future costs.



For illustrative purposes only, our estimate includes the effect of the potential VAT liability (of £37.4m) in connection with the Trade Bill Discounting Facility Agreements between P4U and Barclays being paid as an expense of the administration (see Section 5.1, VAT liabilities) in both the upper and lower case.

Although the directions received from the High Court in the recent VAT application are an important milestone in the administration there are still a number of matters to resolve before we can give any more accurate indication as to either the timing or quantum of a first distribution to creditors, most notably the progress of the investigations work stream.

Estimated dividend prospects

Preferential creditors

As noted in our previous report, a dividend payment of £1.7m, reflecting a return of 100p in £, was made to preferential creditors with admitted claims on 4 December 2015. The balance of any amounts owed to former employees will rank as unsecured claims, as these amounts do not enjoy preferential status. These unsecured claims will be dealt with separately and further information is provided in the section below.

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

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

Dividend prospects are calculated by reference only to the amount owed to unsecured creditors as stated in the directors' statement of affairs, and do not take account at this stage of the costs associated with agreeing claims and distributing the prescribed part fund. 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 continue to be encouraged to submit a claim (if not already done so). Prior to being able to



finalise the claim value and declare a distribution to the unsecured creditors there are a number of matters that are required to be addressed.

In PAS, we are currently undertaking a review of all claims received to date and we are investigating the most complex ones before proceeding with the declaration of a dividend to the unsecured creditors. We expect this may be resolved in the next few months, but is highly dependent on response time of the counterparties.

With regards to MobileServ and P4U whilst work has commenced on identifying creditors and considering our claims agreement strategy, certain larger potential claims may take some considerable time to resolve and therefore delay the timing of a distribution. These complex claims may include:

- HMRC's claim as a result of the Trade Bill Discounting Facility Agreements matter; and
- the residual claim (if any) following the outcome of the protective award hearing.

5.8 Ending the administrations

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

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

As noted in our previous reports, the period of each administration was extended to 15 September 2017 by consent of the court. We will continue to monitor the progress of the administrations and apply for further extensions if appropriate.

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 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

Full name:	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Trading names:	Phones 4U, 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
Company number:	03154198	04943837	07552754	05863265	07405102	03907386
Registered office:	Benson House, 33 Wellington Street, Leeds, LS1 4JP					
Company directors at the date of appointment:	Philip D Dobson Nick Fisher Scott Hooton David N Kassler Steven Lloyd John E Morris Thomas Shorten Timothy J Whiting John J Whittle	David N Kassler Steven Lloyd John E Morris	Philip D Dobson David N Kassler Steven Lloyd John E Morris Timothy J Whiting	David N Kassler Steven Lloyd	David N Kassler Steven Lloyd Jason Mitchell John E Morris	Nick Fisher Scott Hooton David N Kassler Steven Lloyd John E Morris John J Whittle
Company secretary:	Steven Lloyd					
Shareholdings held by the directors and secretary:	Not applicable					
Appointment date:	15 September 2014					16 September 2014
Extensions to the Administrations:	Extension granted by the Court to 15 September 2017					



Full name:	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Administrators' names and addresses	<p>Robert Jonathan Hunt and Robert John Moran PwC, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT</p> <p>Ian David Green PwC, 7 More London Riverside, London, SE1 2RT</p>					<p>Douglas Nigel Rackham, Dan Yoram Schwarzmann and Ian David Green (<i>all of the London office address as shown on the left</i>)</p> <p>Robert Jonathan Hunt (<i>address as shown on the left</i>)</p>
Appointor's/ applicant's name and address:	Court order following an application by the directors of each company, based at Osprey House, Ore Close, Lyndedale Business Park, Newcastle-under-Lyme, Staffordshire, ST5 9QD.					
Objective being pursued by the Administrators:	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.					
Division 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.					
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to the administrations and the proceedings are main proceedings.					

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. At present, this time-costs basis for our fees covers all aspects of our work with the exception of the Excluded Work referred to earlier (where no basis has yet been agreed with the secured creditors).

It is our policy to delegate tasks in the administration 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).

<i>With effect to 30 June 2015</i>	Administrators' and Administrators' staff Rate per hour (£)	Specialist staff Maximum rate per hour (£)
Partner	795	1,190
Director	695	1,060
Senior Manager	540	960
Manager	460	600
Senior Associate (qualified/consultant)	380	465
Senior Associate (unqualified)	285	-
Associate	240	225
Support staff	120	180

Hourly rates quoted are exclusive of VAT.



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 period from 1 July 2015 and from 1 July 2016.

<i>With effect from 1 July 2015 to 30 June 2016</i>	Administrators' and Administrators' staff Rate per hour (£)	Specialist staff Maximum rate per hour (£)
Partner	825	1,250
Director	725	1,115
Senior Manager	550	1,110
Manager	470	665
Senior Associate (qualified/consultant)	390	490
Senior Associate (unqualified)	290	-
Associate	245	245
Support staff	123	180

Hourly rates quoted are exclusive of VAT.

<i>With effect from 1 July 2016</i>	Administrators' and Administrators' staff Rate per hour (£)	Specialist staff Maximum rate per hour (£)
Partner	840	1,250
Director	740	1,150
Senior Manager	560	1,170
Manager	480	700
Senior Associate (qualified/consultant)	400	515
Senior Associate (unqualified)	295	-
Associate	250	255
Support staff	125	150

Hourly rates quoted are exclusive of VAT.

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

7.3 Narrative of work undertaken

Later in this section, we have included tables showing our time costs from 21 January 2016 to 20 July 2016, by grade of staff and area of work for the period covered by this progress report. These do not include time spent on the Excluded Work referred to earlier, as the basis of our fees for that work has not yet been agreed by the secured creditors. The following table provides further narrative on the key areas of work during the period.

Area of work	Work undertaken during the period
Strategy & planning	<ul style="list-style-type: none"> • Oversight of case progression and general strategy decisions by appointment takers; and other project management. • Monitoring and internal reporting of costs. • Team strategy and progress meetings. • Liaising with key stakeholder groups. • Preparing various forecasts, including but not limited to: cash flows, outcome statements, profit and loss accounts and financial model analysis. • Detailed analysis and liaison with legal and other advisors on the impact of legislative/regulatory changes. • Consideration of strategic approach in dealing with complex and interrelated work streams with associated legal/financial input and analysis.
VAT liabilities	<ul style="list-style-type: none"> • Workings for periodic VAT returns. • In-depth VAT reconciliation of all transactions. • Meetings and general correspondence with HMRC. • Internal communication and meetings on VAT matters. • Preparation of and technical input to letters to HMRC requesting non-statutory clearance in respect of two VAT matters. • Extensive review of books and records (including electronic archives) to prepare responses to HMRC requests for information. • Liaising with former P4U staff to obtain information relating to VAT matters for inclusion within court documents. • Regular discussions with external legal advisors and also counsel on VAT matters. • Review of detailed legal documents and draft court papers setting out the Administrators' view of specific and complex VAT positions. • Preparation for creditors (Noteholder) meetings, on VAT related matters. • Preparation for the court hearing.
Tax	<ul style="list-style-type: none"> • For P4U (and associated companies to the extent it affects P4U's tax position), information gathering and preparing tax returns for all pre-administration periods including information required to further refine the tax losses position. • Consideration and detailed analysis of the quantum of the (terminal) tax losses position to offset potential taxable post-administration profits. • Responding to HMRC queries in connection with: <ul style="list-style-type: none"> • <i>Pre-administration legacy tax issues including open enquiries in connection with intra-group tax planning (now closed)</i> • <i>Allocation of historical pre-administration Group tax payments across the group companies.</i>

Area of work	Work undertaken during the period
	<ul style="list-style-type: none"> • Review and analysis of settlement agreement between a legacy employee benefit trustee, its trustees, its beneficiaries and certain P4U group companies and consideration of tax implications. • Negotiations with HMRC and trustees of legacy employee benefit trust around consideration value and indemnities in relation to settlement discussions noted above. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> • Ongoing monitoring of taxable profits position to assess Corporation Tax payments on accounts. • Preparing tax returns for post-administration periods. • Considering the tax efficiency of the PAS scheme. • Reviewing the tax impact on changes made on Controlled Foreign Entity rules for PAS and its subsidiary.
Property	<ul style="list-style-type: none"> • Liaising with landlords and responding to numerous queries. • Maintaining an accurate record of current store status and surrender progress. • Ongoing dialogue and correspondence with EE and Vodafone on store transfers. • Work alongside our agents on managing and recharging utility costs. • Negotiating and executing all final property transfer and disposal documentation. • Providing information to our rating advisors to assist with the recovery of business rate refunds. • Liaising with landlords and their agents / solicitors regarding surrender of leases and negotiating premiums where possible. • Managing continuing correspondence from local authorities, landlords and utility providers. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> • Terminating the lease and closing the office based in Crewe. • Negotiating terms of the exit of the property with the landlord. • Locating a purchaser of the remaining furnishings in the office based in Crewe. • Cancelling utility suppliers to the office.
Other assets	<ul style="list-style-type: none"> • Engaging specialists and monitoring / accounting for business rates refunds. • Liaising with JLT (insurance broker) for the purpose of ongoing insurance cover for assets and risks in the post-appointment period. • Collating information for insurance purposes and responding to queries.
Sale of stock	<ul style="list-style-type: none"> • Negotiating and completing the sale of stock in tranches. • Liaising with John Pye & Sons (auctioneers) to process and where applicable, sell the accessories stock from stores and the warehouse.
Trading	<ul style="list-style-type: none"> • Review of IT controls and procedures. • Accounting and treasury functions, including bank account transfers and payment requisitions. • Providing and withdrawing undertakings for ongoing supplies. • Regulatory reporting.

Area of work	Work undertaken during the period
	<p data-bbox="517 421 1011 450"><i>(Policy Administration Services Limited only)</i></p> <ul data-bbox="469 456 1353 1758" style="list-style-type: none"> • Monitoring of the insurance business, its trading activities and its claims processes on a daily basis. • Reviewing service level agreements and qualitative metrics used to measure the outsourcer performance. • Reviewing existing IT systems to determine our ongoing requirements to reduce costs while supporting the ongoing business. • Extensive discussions with third party vendors and LSG preparing for the migration of IT systems. • Migrating the required IT systems from third party vendor to LSG. • Completing post migration checks on the IT systems and resolving issues that arose. • Transferring the telephone technical support from Anovo to LSG. • Reviewing the Anovo contract in respect of repair and refurbishment of PAS stock with a view to optimising supply chain management and terminating the agreement. • Novating the online technical support website from Anovo to LSG. • Responding to customers' queries. • Managing and updating communication to all policyholders and ensuring that messages delivered are consistent with the underwriter's and claim administrator's communications. • Monitoring and adhering to regulatory and industry guidelines requirement on Treating Customers Fairly. • Monitoring performance of the business and LSG customer call centres on a daily basis. • Dealing with complex customers' claims, queries and complaints. • Reviewing claims referred to the FOS and identifying root cause. • Ongoing review of claims and complaints from policyholders so that systems and processes are improved. • Reporting on regulatory matters, such as Retail Mediation Activities Return. • Reviewing data and analytics and all management information. • Reviewing product governance and compliance. • Attending monthly board meetings with the PAS team to discuss the strategy and progress of the scheme. • Liaising with the LGI board and providing regular updates on the progress of the PAS scheme. • Monthly meetings with LSG to discuss performance of call centres and SLMs. • Ongoing monitoring and planning of number of agents to be used. • Agreeing addendum to the LSG contract in respect of commercial and regulatory terms for the transfer of the employees. • Reviewing and agreeing purchase of handsets to fulfil claims on a monthly basis.
Employees	<ul data-bbox="469 1798 1353 1982" style="list-style-type: none"> • Correspondence and meetings with employees. • Working with relevant staff for the calculation and payment of ongoing payroll. • Obtaining legal advice on protective awards claims. • Reviewing court documents in relation to protective awards claims and attending and providing evidence at preliminary hearings.

Area of work	Work undertaken during the period
Pensions and benefits	<p data-bbox="517 423 1011 452"><i>(Policy Administration Services Limited only)</i></p> <ul data-bbox="469 456 1326 580" style="list-style-type: none"> • Preparing P45s for the PAS employees TUPEd to LSG and responding to the new employer's enquiries. • Dealing with queries in relation to the pension and other benefits for the TUPEd employees to LSG. <hr/> <ul data-bbox="469 618 1326 965" style="list-style-type: none"> • Responding to members' queries on pension issues. • Arranging for pension contributions to be paid over to the Aegon group personal pension plan and the People's Pension for those members who remain employed. • Liaising with insurers in relation to the renewal of the employee benefit arrangements. • Submission of further claims to the Redundancy Payments Service in respect of unpaid pre-appointment pension contributions. • Ensuring ongoing cover under employee benefit arrangements, including group life and private medical insurance and group income protection scheme.
Creditors & committee	<ul data-bbox="469 1003 1350 1827" style="list-style-type: none"> • Planning and preparation of financial and operational information for creditors. • Liaising with the informal creditors committee, bondholders and notes trustee by way of calls, meetings and notices. • Bondholder meeting planning, preparations and follow up. • Planning and preparation for Noteholder meetings, including interaction with and preparation of materials for private bondholders. • Correspondence with lawyers regarding the release of all or part of the Security Trustee retained funds. • Responding to queries from stakeholder groups. • Maintaining information on our dedicated website. • Receiving statement of claims forms and filing. • Maintaining and updating creditor claims database. • Liaising with and providing progress updates to the senior secured creditors. • . • . • Formulating and delivery of our communications strategy. • General creditor / customer calls and enquires. • Setting up and maintaining information on our dedicated website. • Working on a number of complex HMRC claims (refer to the VAT section). • . • Maintaining creditor claims database. • Receiving statement of claims forms and filing. • Planning and preparation for Noteholder meetings, including interaction with and preparation of materials for private bondholders. • Responding to queries from stakeholder groups. <p data-bbox="517 1865 1011 1895"><i>(Policy Administration Services Limited only)</i></p> <ul data-bbox="469 1899 1310 2016" style="list-style-type: none"> • Reviewing paper and electronic files to identify those unsecured creditors that may have already filed a claim. • Updating the Statement of Affairs to ensure that the correct balances are captured for the unsecured creditors.

Area of work	Work undertaken during the period
Accounting and treasury	<ul style="list-style-type: none"> • Reviewing most complex unsecured claims. <hr/> <ul style="list-style-type: none"> • Dealing with general accounting and treasury functions: payments, receipts and journal postings. • Liaising with the merchant services provider. • Dealing with ongoing payment of wages. • Active management of cash holdings, including placing regular money market investments to increase returns. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> • Considering moving customers' direct debits from pre-administration account to post-administration bank account. • Exploring ways of moving funds between accounts upon collection. • Transferring premiums to insurer account every two days, including reconciliation and sign off from appointees. • Operating finance functions, including bank account transfers and payment requisitions. • Collecting premiums and refunds to customers and reconciliation to bank balance and cash flow.
Statutory and compliance	<ul style="list-style-type: none"> • Planning for statutory duties and collection of requisite information. • Preparing and issuing our third and fourth progress report to creditors. • Dealing with a significant volume incoming correspondence. • Understanding and managing statutory obligations regarding the store network, including: health and safety / environmental risk management. • Maintaining case records and filing. • Managing incoming statement of claim forms and creditor database. • Completing case management prompts on the case database.
Books and records	<ul style="list-style-type: none"> • Liaising with third party storage providers. • Review of software and hardware licenses to realise value for the administration through reselling. <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> • Reviewing and monitoring the Profit and Loss and Balance Sheet on a monthly basis. • Ongoing monitoring of the Profit and Loss forecast and comparing to actuals.
Subsidiary	<p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> • Liaising with the P4UC board in relation to tenders for the captive manager. • Appraising the tenders received for the management of the captive and selecting the successful captive manager. • Reviewing and negotiating the terms of the captive management agreement and the Terms of Business.



7.4 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.

In December 2014 we instructed PwC Legal LLP to assist with the response to a high volume of protective award claims received from former employees (as outlined in Section 5.1). This work has included extensive investigations into the circumstances of the case, liaising with Employment Tribunal offices across the country and obtaining counsel's advice on P4U's position.

PwC Legal LLP is a member of the PwC international network of firms and therefore can be considered to be an associate of the Administrators' firm for the purposes of SIP9.

A summary of other legal and professional firms instructed in the administrations is at Section 7.6 below.

A summary of the disbursements incurred from 21 January 2016 to 20 July 2016 is provided below.



Phones 4U Limited – in administration

Summary of disbursements incurred from 21 January 2016 to 20 July 2016

Category	Policy	15 September 2014 to 20 January 2016 (£)	21 January 2016 to 20 July 2016 (£)	Total to 20 July 2016 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	12,486.86	5,600.97	18,087.83
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	29,567.32	470.92	30,038.24
1	PwC Legal LLP - time costs and disbursements. During the period, as part as a periodic review of advisor costs in the administration we negotiated a reduction in rates with the PwC Legal LLP. The reduced rates were applied from 11 February 2016 and are set out above with the previous rates included in brackets.	345,209.45	173,880.46	519,089.91
	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.			
1	All other disbursements reimbursed at cost:			
	External venue costs	35,601.05	-	35,601.05
	Hotel accommodation	25,080.96	3,960.69	29,041.65
	Rail fares	20,665.87	3,532.35	24,198.22
	Air fares	21,071.92	9,876.73	30,948.65
	Postage	21,503.85	70.69	21,574.54
	Subsistence costs	7,976.52	272.50	8,249.02
	Taxi fares	5,364.71	829.63	6,194.34
	Mobile phone usage	1,834.35	-	1,834.35
	Other	6,685.63	2,578.07	9,263.70
	Total	533,048.49	201,073.01	734,121.50



Phones 4 U Group Limited – in administration

Summary of disbursements incurred from 21 January 2016 to 20 July 2016

Category	Policy	15 September 2014 to 20 January 2016 (£)	21 January 2016 to 20 July 2016 (£)	Total to 20 July 2016 (£)
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	98.60	-	98.60
Total		276.53	-	276.53

Phones4U Finance plc – in administration

Summary of disbursements incurred from 21 January 2016 to 20 July 2016

Category	Policy	15 September 2014 to 20 January 2016 (£)	21 January 2016 to 20 July 2016 (£)	Total to 20 July 2016 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	-	-	-
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	85.26	-	85.26
1	All other disbursements reimbursed at cost	437.65	-	437.65
Total		522.91	-	522.91

MobileServ Limited – in administration

Summary of disbursements incurred from 21 January 2016 to 20 July 2016

Category	Policy	15 September 2014 to 20 January 2016 (£)	21 January 2016 to 20 July 2016 (£)	Total to 20 July 2016 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	99.00	-	99.00
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	7.19	-	7.19
1	All other disbursements reimbursed at cost	291.17	-	291.17
Total		397.36	-	397.36



Phosphorus Acquisition Limited – in administration

Summary of disbursements incurred from 21 January 2016 to 20 July 2016

Category	Policy	15 September 2014 to 20 January 2016 (£)	21 January 2016 to 20 July 2016 (£)	Total to 20 July 2016 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	99.00	-	99.00
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	7.19	-	7.19
1	All other disbursements reimbursed at cost	227.00	-	227.00
Total		333.19	-	333.19

Policy Administration Services Limited – in administration

Summary of disbursements incurred from 21 January 2016 to 20 July 2016

Category	Policy	15 September 2014 to 20 January 2016 (£)	21 January 2016 to 20 July 2016 (£)	Total to 20 July 2016 (£)
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	116.89	46.01	162.90
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	10,665.92	726.00	11,391.92
	Hotel accommodation	7,031.25	-	7,031.25
	Subsistence costs	2,471.16	-	2,471.16
	Taxi fares	2,024.72	24.31	2,049.03
	Car hire charges	1,485.92	-	1,485.92
	Air fares	551.64	-	551.64
	Other	1,103.45	166.10	1,269.55
Total		28,569.93	962.42	29,532.35

7.5 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 £37m 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 25p to 28p in the pound for the Noteholders (who are expected to have the primary economic interest in the progress of the Companies' administrations).

Our analysis in Section 7.9 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.

7.6 Summary of legal and other professional firms

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

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.

7.7 Associates

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.

7.8 Sub-contractors

The table in Section 7.6 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.

7.9 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 and earlier reports; 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 2016 to 20 July 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	68.50	7.70	119.75	77.15	12.10	13.15	-	298.35	171,438.00	575
2 Sale of business	3.00	-	-	-	0.20	-	0.50	3.70	2,590.50	700
3 Book debt realisations	-	-	0.50	12.75	-	-	1.00	14.25	6,384.00	448
4 Property	-	-	1.05	57.20	149.65	-	0.75	208.65	71,614.25	343
5 Other assets	19.50	13.10	58.40	6.70	21.50	-	1.00	120.20	68,442.75	569
6 Retention of title	-	-	-	2.00	-	-	-	2.00	940.00	470
7 Trading	7.00	-	1.30	14.75	5.35	4.60	0.50	33.50	16,199.50	484
8 Accounting and treasury	-	0.20	9.15	44.70	174.90	60.40	-	289.35	94,523.25	327
9 Statutory and compliance	11.20	2.00	130.60	78.35	72.85	52.30	1.80	349.10	154,153.75	442
10 Employees & pensions	-	-	20.30	131.10	148.00	62.72	1.00	363.12	124,821.40	344
11 Investigations	-	-	-	-	-	-	-	-	-	-
12 Creditors	13.60	-	176.35	32.55	155.50	86.40	-	464.40	192,804.50	415
13 Creditors committee	-	-	2.60	18.60	3.20	13.00	-	37.40	14,285.00	382
14 Tax	24.75	46.35	140.08	12.45	238.68	265.80	4.05	732.16	324,482.50	443
15 VAT	120.00	33.40	257.25	30.15	217.70	13.10	-	671.60	481,443.00	717
16 Books and records	-	-	0.20	-	1.60	2.30	-	4.10	1,144.50	279
17 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	267.55	102.75	917.53	518.45	1,201.23	573.77	10.60	3,591.88	1,725,266.90	480



Phones 4U Limited – in administration

Time cost summary as at 20 July 2016

	Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate
1	Strategy & Planning	2,079.18	1,067,970.05	514	400.46	204,909	1,272,879	513
2	Sale of business	932.15	497,952.50	534	-	-	497,953	534
3	Book debt realisations	330.03	149,825.35	454	43.83	19,898	169,723	454
4	Property	2,003.43	888,363.10	443	441.52	197,337	1,085,700	444
5	Other assets	2,058.84	888,387.55	432	52.09	22,149	910,537	431
6	Retention of title	1,015.25	424,411.25	418	-	-	424,411	418
7	Trading	2,205.34	944,331.30	428	467.11	200,002	1,144,333	428
8	Accounting and treasury	1,467.51	474,494.05	323	603.64	194,848	669,342	323
9	Statutory and compliance	1,614.49	605,591.15	375	1,240.60	456,009	1,061,600	372
10	Employees & pensions	3,966.21	1,269,565.50	320	1,861.81	595,890	1,865,456	320
11	Investigations	-	-	-	-	-	-	-
12	Creditors	3,799.63	1,675,655.95	441	1,168.49	521,744	2,197,400	442
13	Creditors committee	170.60	85,457.00	501	57.17	29,847	115,304	506
14	Tax	1,932.52	1,016,381.05	526	813.03	437,295	1,453,676	529
15	VAT	3,348.50	2,453,920.30	733	790.96	582,000	3,035,920	733
16	Books and records	727.90	198,943.00	273	438.08	119,704	318,647	273
17	Closure procedures	3.15	1,517.00	482	1,733.80	397,959	399,476	230
Total		27,654.73	12,642,766.10	457	10,112.59	3,979,589	16,622,356	409



Phones 4 U Group Limited – in administration

Analysis of time costs for the period 21 January 2016 to 20 July 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	-	0.35	0.10	-	-	-	0.45	239.50	532
2 Sale of business	-	-	-	-	-	-	-	-	-	-
3 Book debt realisations	-	-	-	-	-	-	-	-	-	-
4 Property	-	-	1.00	0.10	-	-	-	1.10	597.00	543
5 Other assets	-	-	-	-	-	-	-	-	-	-
6 Retention of title	-	-	-	-	-	-	-	-	-	-
7 Trading	-	-	-	-	-	-	-	-	-	-
8 Accounting and treasury	-	-	0.40	0.30	0.15	0.10	-	0.95	430.50	453
9 Statutory and compliance	-	-	2.10	5.10	7.10	1.60	-	15.90	6,007.50	378
10 Employees & pensions	-	-	-	-	-	-	-	-	-	-
11 Investigations	-	-	-	-	-	-	-	-	-	-
12 Creditors	-	-	0.40	0.70	1.85	0.75	-	3.70	1,260.25	341
13 Creditors committee	-	-	-	-	0.10	-	-	0.10	29.00	290
14 Tax	-	-	-	-	0.15	-	-	0.15	43.50	290
15 VAT	-	-	-	0.50	-	-	-	0.50	197.50	395
16 Books and records	-	-	-	-	0.50	-	-	0.50	145.50	291
17 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	-	-	4.25	6.80	9.85	2.45	-	23.35	8,950.25	383



Phones 4 U Group Limited – in administration

Time cost summary as at 20 July 2016

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate
1 Strategy & Planning	15.05	6,671.25	443	21	9,358	16,029	441
2 Sale of business	2.65	1,256.00	474	4	1,742	2,998	474
3 Book debt realisations	-	-	-	-	-	-	-
4 Property	1.20	643.00	536	-	-	643	536
5 Other assets	0.35	152.00	434	1	230	382	434
6 Retention of title	-	-	-	-	-	-	-
7 Trading	14.05	3,739.75	266	35	9,236	12,976	266
8 Accounting and treasury	8.50	2,568.00	302	17	4,533	7,101	283
9 Statutory and compliance	79.80	28,804.00	361	73	25,855	54,659	357
10 Employees & pensions	1.40	550.00	393	2	920	1,470	393
11 Investigations	-	-	-	-	-	-	-
12 Creditors	11.00	4,443.75	404	7	3,539	7,982	436
13 Creditors committee	0.10	29.00	290	-	-	29	-
14 Tax	32.15	18,665.50	581	36	20,992	39,658	582
15 VAT	6.75	2,275.00	337	12	3,911	6,186	332
16 Books and records	2.45	741.50	303	4	1,136	1,878	306
17 Closure procedures	2.20	1,098.00	499	23	11,589	12,687	499
Total	177.65	71,636.75	403	235	93,041	164,678	314



Phones4U Finance plc – in administration

Analysis of time costs for the period 21 January 2016 to 20 July 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	-	0.35	-	0.40	-	-	0.75	308.50	411
2 Sale of business	-	-	-	-	-	-	-	-	-	-
3 Book debt realisations	-	-	-	-	-	-	-	-	-	-
4 Property	-	-	-	-	-	-	-	-	-	-
5 Other assets	-	-	-	-	-	-	-	-	-	-
6 Retention of title	-	-	-	-	-	-	-	-	-	-
7 Trading	-	-	-	1.30	-	-	-	1.30	611.00	470
8 Accounting and treasury	-	-	-	0.30	3.20	0.60	-	4.10	1,227.00	299
9 Statutory and compliance	-	-	2.10	4.70	7.55	1.40	-	15.75	5,901.00	375
10 Employees & pensions	-	-	-	-	-	-	-	-	-	-
11 Investigations	-	-	-	-	-	-	-	-	-	-
12 Creditors	-	-	0.45	0.20	3.00	-	-	3.65	1,202.50	329
13 Creditors committee	-	-	-	-	0.20	-	-	0.20	58.00	290
14 Tax	-	-	0.10	-	0.20	-	-	0.30	114.00	380
15 VAT	-	-	-	-	-	-	-	-	-	-
16 Books and records	-	-	-	-	-	-	-	-	-	-
17 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	-	-	3.00	6.50	14.55	2.00	-	26.05	9,422.00	362



Phones4U Finance plc – in administration

Time cost summary as at 20 July 2016

	Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate
1	Strategy & Planning	17.20	8,129.25	473	20	9,490	17,619	475
2	Sale of business	3.40	454.75	134	15	2,025	2,480	134
3	Book debt realisations	-	-	-	-	-	-	-
4	Property	0.10	46.00	460	0	60	106	460
5	Other assets	0.35	152.00	434	0	208	360	434
6	Retention of title	-	-	-	-	-	-	-
7	Trading	4.85	1,860.25	384	5	1,504	3,364	352
8	Accounting and treasury	10.00	3,102.75	310	7	2,287	5,390	318
9	Statutory and compliance	78.95	28,538.50	361	69	24,569	53,108	358
10	Employees & pensions	9.80	2,438.00	249	23	5,837	8,275	249
11	Investigations	-	-	-	-	-	-	-
12	Creditors	16.85	7,061.50	419	14	6,660	13,722	444
13	Creditors committee	0.20	58.00	290	-	-	58	290
14	Tax	1.30	469.00	361	1	482	951	355
15	VAT	3.05	1,287.00	422	4	1,817	3,104	422
16	Books and records	0.45	165.50	368	1	268	434	368
17	Closure procedures	-	-	-	23	7,175	7,175	318
Total		146.50	53,762.50	367	183	62,382	116,145	293



MobileServ Limited – in administration

Analysis of time costs for the period 21 January 2016 to 20 July 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	-	0.35	-	0.50	-	-	0.85	325.50	383
2 Sale of business	-	-	-	-	-	-	-	-	-	-
3 Book debt realisations	-	-	-	-	-	-	-	-	-	-
4 Property	-	-	-	-	-	-	-	-	-	-
5 Other assets	-	-	-	-	-	-	-	-	-	-
6 Retention of title	-	-	-	-	-	-	-	-	-	-
7 Trading	-	-	-	-	-	0.30	-	0.30	73.50	245
8 Accounting and treasury	-	-	-	0.30	2.20	0.85	-	3.35	989.75	295
9 Statutory and compliance	-	-	2.30	4.35	8.45	0.90	-	16.00	5,985.00	374
10 Employees & pensions	-	-	-	-	-	-	-	-	-	-
11 Investigations	-	-	-	-	-	-	-	-	-	-
12 Creditors	-	-	0.50	0.10	3.00	-	-	3.60	1,183.00	329
13 Creditors committee	-	-	-	-	0.40	-	-	0.40	116.00	290
14 Tax	-	-	-	-	0.15	-	-	0.15	43.50	290
15 VAT	-	-	-	-	-	-	-	-	-	-
16 Books and records	-	-	-	-	-	0.50	-	0.50	122.50	245
17 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	-	-	3.15	4.75	14.70	2.55	-	25.15	8,838.75	351



MobileServ Limited – in administration

Time cost summary as at 20 July 2016

	Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate
1	Strategy & Planning	13.05	5,717.25	438	16	7,114	12,831	442
2	Sale of business	0.15	81.00	540	0	91	172	540
3	Book debt realisations	3.20	1,472.00	460	4	1,924	3,396	459
4	Property	0.10	46.00	460	0	61	107	460
5	Other assets	9.70	4,581.75	472	12	5,537	10,119	470
6	Retention of title	-	-	-	-	-	-	-
7	Trading	0.80	206.00	258	1	231	437	265
8	Accounting and treasury	19.15	5,524.75	289	30	8,645	14,170	287
9	Statutory and compliance	82.85	29,997.50	362	78	27,846	57,843	359
10	Employees & pensions	-	-	-	-	-	-	-
11	Investigations	-	-	-	-	-	-	-
12	Creditors	7.55	3,331.00	441	1	1,226	4,557	544
13	Creditors committee	0.40	116.00	290	-	116	-	-
14	Tax	0.90	299.00	332	1	414	713	341
15	VAT	0.05	27.00	540	0	30	57	540
16	Books and records	0.95	288.00	303	0	152	440	368
17	Closure procedures	-	-	-	24	6,933	6,933	287
Total		138.85	51,687.25	372	168	60,088	111,775	357



Policy Administration Services Limited – in administration

Analysis of time costs for the period 21 January 2016 to 20 July 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	2.00	10.00	20.35	-	2.85	-	-	35.20	20,989.00	596
2 Sale of business	-	-	-	-	-	-	-	-	-	-
3 Book debt realisations	-	-	-	-	-	-	-	-	-	-
4 Property	-	-	-	-	-	-	-	-	-	-
5 Other assets	-	-	51.65	0.25	42.75	-	-	94.65	38,485.00	407
6 Retention of title	-	-	-	-	-	-	-	-	-	-
7 Trading	-	38.80	160.70	14.00	391.15	46.00	-	650.65	243,438.75	374
8 Accounting and treasury	-	0.20	5.65	4.00	64.10	17.95	-	91.90	28,581.50	311
9 Statutory and compliance	0.50	1.80	79.70	2.50	151.40	3.10	0.30	239.30	91,961.90	384
10 Employees & pensions	-	-	1.00	2.45	12.65	-	-	16.10	5,370.00	334
11 Investigations	-	-	-	-	-	-	-	-	-	-
12 Creditors	-	-	45.80	3.60	20.25	0.30	-	69.95	32,909.50	470
13 Creditors committee	-	-	2.00	-	-	-	-	2.00	1,120.00	560
14 Tax	-	13.10	3.80	-	50.92	0.25	-	68.07	39,014.05	573
15 VAT	-	-	13.80	1.00	3.90	-	-	18.70	17,411.00	931
16 Books and records	-	-	-	-	-	0.30	-	0.30	73.50	245
17 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	2.50	63.90	384.45	27.80	739.97	67.90	0.30	1,286.82	519,354.20	404



Policy Administration Services Limited – in administration

Time cost summary as at 20 July 2016

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate
1 Strategy & Planning	469.45	205,530.50	438	158	67,761	273,291	436
2 Sale of business	110.55	51,531.25	466	-	-	51,531	466
3 Book debt realisations	19.80	14,803.00	748	4	3,348	18,151	748
4 Property	13.75	7,579.00	551	-	-	7,579	551
5 Other assets	413.20	172,080.25	416	169	69,867	241,947	415
6 Retention of title	-	-	-	-	-	-	-
7 Trading	3,974.10	1,860,445.50	468	1,240	484,841	2,345,287	450
8 Accounting and treasury	596.16	190,974.15	320	242	77,569	268,543	320
9 Statutory and compliance	507.45	205,214.65	404	276	114,864	320,079	408
10 Employees & pensions	195.40	84,369.50	432	-	-	84,370	432
11 Investigations	-	-	-	-	-	-	-
12 Creditors	131.80	60,649.25	460	74	33,903	94,552	459
13 Creditors committee	6.80	2,628.00	386	4	1,150	3,778	361
14 Tax	206.72	120,275.30	582	100	58,187	178,463	582
15 VAT	150.45	113,247.25	753	112	83,524	196,771	750
16 Books and records	65.45	25,458.50	389	28	11,067	36,525	389
17 Closure procedures	0.10	54.00	540	344	185,520	185,574	540
Total	6,861.18	3,114,840.10	454	2,751	1,191,600	4,306,440	430



Phosphorus Acquisition Limited – in administration

Analysis of time costs for the period 21 January 2016 to 20 July 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	-	0.35	-	-	-	-	0.35	192.50	550
2 Sale of business	-	-	-	-	-	-	-	-	-	-
3 Book debt realisations	-	-	-	-	-	-	-	-	-	-
4 Property	-	-	-	-	-	-	-	-	-	-
5 Other assets	-	-	-	-	-	-	-	-	-	-
6 Retention of title	-	-	-	-	-	-	-	-	-	-
7 Trading	-	-	-	-	-	-	-	-	-	-
8 Accounting and treasury	-	-	-	0.30	0.70	0.80	-	1.80	540.00	300
9 Statutory and compliance	-	-	1.60	4.70	7.60	1.20	-	15.10	5,591.50	370
10 Employees & pensions	-	-	-	-	-	-	-	-	-	-
11 Investigations	-	-	-	-	-	-	-	-	-	-
12 Creditors	-	-	0.40	0.10	1.95	-	-	2.45	823.50	336
13 Creditors committee	-	-	-	-	0.20	-	-	0.20	58.00	290
14 Tax	-	-	-	-	0.45	-	-	0.45	130.50	290
15 VAT	-	-	-	-	-	-	-	-	-	-
16 Books and records	-	-	-	-	-	-	-	-	-	-
17 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total	-	-	2.35	5.10	10.90	2.00	-	20.35	7,336.00	360



Phosphorus Acquisition Limited – in administration

Time cost summary as at 20 July 2016

	Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate
1	Strategy & Planning	15.65	6,745.25	431	20	8,712	15,458	428
2	Sale of business	0.15	81.00	540	0	87	168	540
3	Book debt realisations	-	-	-	-	-	-	-
4	Property	0.10	46.00	460	0	58	104	460
5	Other assets	0.85	272.00	320	2	495	767	320
6	Retention of title	-	-	-	-	-	-	-
7	Trading	5.85	2,171.25	371	9	3,405	5,576	371
8	Accounting and treasury	13.10	3,742.25	286	21	6,037	9,779	283
9	Statutory and compliance	75.00	26,616.50	355	68	23,623	50,239	351
10	Employees & pensions	-	-	-	-	-	-	-
11	Investigations	-	-	-	-	-	-	-
12	Creditors	5.05	1,995.50	395	1	690	2,685	451
13	Creditors committee	0.20	58.00	290	-	-	58	290
14	Tax	0.75	230.50	307	0	44	275	333
15	VAT	0.05	27.00	540	0	29	56	540
16	Books and records	0.45	165.50	368	1	262	427	368
17	Closure procedures	0.20	94.00	470	20	5,765	5,859	285
Total		117.40	42,244.75	360	143	49,207	91,452	295

8. Receipts and payments accounts

Phones 4U Limited – in administration

From 21 January 2016 to 20 July 2016

During the period of this report we have undertaken a review of VAT treatment, following which amendments have been made to historic receipts and payments. We provide a breakdown of these VAT adjustments and restate the brought forward position below.

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 2016	Adjustments following review of VAT treatment	Revised brought forward to 20 January 2016	21 January 2016 to 20 July 2016	Total to 20 July 2016
£		£	£	£	£	£
Floating charge						
Receipts						
1,003,700	Accrued income	-	-	-	-	-
35,168,467	Amounts related to stock	30,211,174.19	1,900.99	30,213,075.18	-	30,213,075.18
1,526,401	Book debts	3,162,556.77	(126,757.60)	3,035,799.17	-	3,035,799.17
Undisclosed	Network commissions	32,574,123.97	372.17	32,574,496.14	1,353.54	32,575,849.68
73,581,338	Cash at bank	92,967,951.25	-	92,967,951.25	-	92,967,951.25
	Contribution to costs from PAS	-	-	-	6,626,939.05	6,626,939.05
	Contributions to legal fees	222,602.38	-	222,602.38	1,138,785.23	1,361,387.61
	Contributions to rent	6,803,928.09	-	6,803,928.09	-	6,803,928.09
	Contributions to wages	447,000.00	-	447,000.00	-	447,000.00
	Employment Benefit Trust settlement	-	-	-	1,500,000.00	1,500,000.00
	Insurance refunds	148,464.98	-	148,464.98	-	148,464.98
156,652	Intercompany debtors	-	-	-	-	-
	Intellectual property rights	100,000.00	-	100,000.00	-	100,000.00
	Interest received gross	614,712.90	-	614,712.90	255,932.23	870,645.13
2,250,000	Lease premiums	754,480.01	(11,080.00)	743,400.01	-	743,400.01
	Miscellaneous receipts	36,803.05	81.08	36,884.13	3,588.02	40,472.15
	Office equipment	192,707.83	1,966.49	194,674.32	7,028.00	201,702.32
46,122	Pre-payments	-	-	-	-	-
	Rates refunds	1,064,027.41	-	1,064,027.41	153,185.41	1,217,212.82
	Other refunds	210,977.36	163.27	211,140.63	636.46	211,777.09
	Sale of business	14,218,577.86	-	14,218,577.86	-	14,218,577.86
	Software licences	144,080.00	36,020.00	180,100.00	-	180,100.00
5,870,969	Subrogated inter-company claims	-	-	-	-	-
250,000	Tangible fixed assets	-	-	-	-	-
	Third party funds	339,464.39	(138,970.44)	200,493.95	(8,186.83)	192,307.12
Undisclosed	Total receipts	184,213,632.44	(236,304.04)	183,977,328.40	9,679,261.11	193,656,589.51

Note

During the period, PAS made a contribution to P4U for expenses incurred since the administration on its behalf totalling £7.7m (excluding VAT). This is made up of legal fees of £1.1m and other costs of £6.6m (such as agents' fees, legal fees, warehouse and office costs, stock and wages and salaries). These costs are split across the relevant categories in the trading statement of PAS.



Directors' statement of affairs £	15 September 2014 to 20 January 2016 £	Adjustments following review of VAT treatment £	Revised brought forward to 20 January 2016 £	21 January 2016 to 20 July 2016 £	Total to 20 July 2016 £
Floating charge					
Payments					
Agents' fees	1,999,698.77	(98.43)	1,999,600.34	123,551.13	2,123,151.47
Amounts relating to stock	556,577.00	-	556,577.00	-	556,577.00
Bank charges	21,805.47	(0.37)	21,805.10	728.80	22,533.90
Cleaning and site clearance	34,035.37	520.00	34,555.37	-	34,555.37
Consultancy fees	502,895.10	2,300.00	505,195.10	-	505,195.10
Duress payments	1,131,484.96	-	1,131,484.96	-	1,131,484.96
Employee expenses	111,444.85	7,235.19	118,680.04	1,893.50	120,573.54
Employers NIC	1,856,225.45	-	1,856,225.45	76,594.42	1,932,819.87
Gross wages and salaries	7,282,278.35	-	7,282,278.35	376,206.19	7,658,484.54
Insurance	360,361.70	-	360,361.70	22,216.61	382,578.31
Irrecoverable VAT	-	179,330.03	179,330.03	-	179,330.03
IT costs	2,603,374.81	39,265.68	2,642,640.49	46,136.89	2,688,777.38
Legal fees	5,872,222.87	3,336.83	5,875,559.70	1,548,501.03	7,424,060.73
Lease/hire charges	3,524.80	-	3,524.80	-	3,524.80
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
Property expenses	8,261.76	-	8,261.76	-	8,261.76
Purchases	17,913.02	-	17,913.02	-	17,913.02
Rates	94,324.22	-	94,324.22	2,414.95	96,739.17
Rent	6,433,011.82	(215,242.10)	6,217,769.72	-	6,217,769.72
Security costs	104,451.14	-	104,451.14	-	104,451.14
Service charges	308,476.82	-	308,476.82	-	308,476.82
Statutory advertising	294.46	-	294.46	-	294.46
Storage costs	1,387,282.67	-	1,387,282.67	3,961.76	1,391,244.43
Sundry appointment related costs	6,157.50	-	6,157.50	2,330.85	8,488.35
Transport and carriage	354,899.40	-	354,899.40	-	354,899.40
Utilities	6,747.64	-	6,747.64	114.17	6,861.81
Total payments	31,163,487.04	16,646.83	31,180,133.87	2,234,906.21	33,415,040.08
Net floating charge realisations	153,050,145.40	(252,950.87)	152,797,194.53	7,444,354.90	160,241,549.43
Secured creditors					
RCF - letters of credit called up	15,810,000.00	-	15,810,000.00	-	15,810,000.00
RCF - letters of credit uncalled (held by Security Trustee)	4,000,000.00	-	4,000,000.00	-	4,000,000.00
Total RCF indebtedness	19,810,000.00	-	19,810,000.00	-	19,810,000.00
Cash-backed indemnities	11,000,000.00	-	11,000,000.00	-	11,000,000.00
Recovery of costs and interest	2,289,791.18	-	2,289,791.18	-	2,289,791.18
Total secured creditor entitlements	33,099,791.18	-	33,099,791.18	-	33,099,791.18
Preferential creditors					
Distribution to preferential creditors (100 pence in the £)	1,716,136.12	-	1,716,136.12	-	1,716,136.12
Total preferential creditor distribution	1,716,136.12	-	1,716,136.12	-	1,716,136.12
VAT control account	177,282.53	252,950.87	430,233.40	1,463,988.11	1,894,221.51
Balance held in interest bearing current accounts	118,411,500.63	-	118,411,500.63	8,908,343.01	127,319,843.64
Represented by					
Held in Barclays					8,866,504.70
Invested in high interest account					118,453,338.94
Total					127,319,843.64



Phones 4 U Group Limited – in administration
From 21 January 2016 to 20 July 2016

Directors' statement of affairs £		15 September 2014 to 20 January 2016 £	21 January 2016 to 20 July 2016 £	Total to 20 July 2016 £
	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 2016 to 20 July 2016

Directors' statement of affairs £		15 September 2014 to 20 January 2016 £	21 January 2016 to 20 July 2016 £	Total to 20 July 2016 £
	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 2016 to 20 July 2016

Directors' statement of affairs £		15 September 2014 to 20 January 2016 £	21 January 2016 to 20 July 2016 £	Total to 20 July 2016 £
	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	393,345.22	(129,897.99)	263,447.23
	Investments	419,778.07	24,778.16	444,556.23
	Third party funds	-	213.77	213.77
(18,739,611)	Total receipts	5,559,085.23	(104,906.06)	5,454,179.17
	Payments			
	Bank charges	61,707.95	-	61,707.95
	Legal fees	48,357.72	-	48,357.72
	Sundry appointment related costs	240.00	390.00	630.00
	Total payments	110,305.67	390.00	110,695.67
	Net floating charge realisations	5,448,779.56	(105,296.06)	5,343,483.50
	VAT control account	-	-	-
	Balance held in interest bearing current account	5,448,779.56	(105,296.06)	5,343,483.50
	Represented by			£
	Held in Barclays account			5,343,483.50
	Total			5,343,483.50

Note 1

MobileServ Limited had an overdraft of £19.6m and a cash balance of £4m, 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 £4m 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.

Note 3

During the period, we were made aware that a refund was due to Lloyds in respect of a post-appointment overpayment of interest which arose due to a group interest pooling arrangement. The refund of £138k was made in the period.



Policy Administration Services Limited – in administration

From 21 January 2016 to 20 July 2016

Directors' statement of affairs	Original: 16 September 2014 to 20 January 2016	Restated: 16 September 2014 to 20 January 2016	21 January 2016 to 20 July 2016	Total to 20 July 2016	
£	£	£	£	£	
Trading statement					
Receipts					
27,000,000	Customer insurance premiums	65,400,525.32	65,400,525.32	13,929,011.44	79,329,536.76
	Customer refunds and claims paid in cash	(1,619,788.34)	(1,619,788.34)	(298,780.62)	(1,918,568.96)
	Dividends received from P4UC	12,100,000.00	12,100,000.00	5,550,000.00	17,650,000.00
	Interest received gross	119,771.16	119,771.16	75,023.45	194,794.61
	Sales of irreparable phones	1,643,283.08	1,643,283.08	1,949,615.83	3,592,898.91
	Sale of office equipment	-	-	583.33	583.33
27,000,000	Total trading receipts	77,643,791.22	77,643,791.22	21,205,453.43	98,849,244.65
Payments					
	Agents' fees	12,141,545.04	11,359,628.29	4,994,302.54	16,353,930.83
	Bank charges	97,443.46	97,443.46	6,781.43	104,224.89
	Duress payments	931,978.88	931,978.33	-	931,978.33
	Insurance	27,960,113.00	29,392,713.94	6,100,613.79	35,493,327.73
	IT costs	45,897.50	38,733.61	144,154.21	182,887.82
	Legal fees	-	-	1,162,554.23	1,162,554.23
	Office costs	-	-	413,132.00	413,132.00
	Office holders' expenses	-	-	27,339.18	27,339.18
	Office holders' fees	-	-	2,157,270.00	2,157,270.00
	Property	23,160.00	19,540.00	(927.12)	18,612.88
	Stock purchase	10,947,577.08	10,854,882.79	5,731,724.90	16,586,607.69
	Trade creditors	87,363.87	72,012.38	18,802.15	90,814.53
	Warehouse costs	-	-	357,826.00	357,826.00
	Wages and salaries	-	-	832,199.41	832,199.41
	Total trading payments	52,235,078.83	52,766,932.80	21,945,772.72	74,712,705.52
	Trading account surplus/(loss)	25,408,712.39	24,876,858.42	(740,319.29)	24,136,539.14
Floating charge					
Receipts					
35,948	Accrued income	-	-	-	-
14,724,121	Cash at bank	13,825,702.60	13,825,702.60	-	13,825,702.60
47,960	Prepayments	-	-	-	-
4,912,977	Stock	-	-	-	-
	Trading account balance (see above)	25,408,712.39	24,876,858.41	(740,319.29)	24,136,539.13
19,721,006	Total receipts	39,234,414.99	38,702,561.01	(740,319.29)	37,962,241.73
Payments					
	Corporation tax	2,120,735.00	2,120,735.00	1,037,225.30	3,157,960.30
	Total payments	2,120,735.00	2,120,735.00	1,037,225.30	3,157,960.30
	VAT control account	80,208.30	(451,645.68)	1,350,894.16	899,248.46
	Floating charge realisations	37,033,471.69	37,033,471.69	(3,128,438.75)	33,905,032.97
Represented by					
	Held at Barclays				11,029,399.24
	Held at Lloyds				847,550.18
	Held at Australia New Zealand Bank				14,026,604.10
	Held at Overseas China Bank				8,001,479.45
	Total				33,905,032.97

Note 1

Prior to this report, all figures in the receipts and payments account for PAS were presented inclusive of VAT. In this report, we are showing the receipts and payments account on a net basis (exclusive of VAT) so that the VAT control account is presented separately. Accordingly all balances previously reported have been restated net of VAT. The PAS account is now presented on the same basis as the rest of the Group.



Note 2

Receipts and payments in the period from 21 January 2016 to 20 July 2016 show a trading loss. This is because it includes the settlement of the intercompany payment to P4U of £7.7m. This recharge is in respect of costs incurred (largely legal fees, stock and wages and salaries) by P4U since the date of administration, but only settled by PAS in this period.

Note 3

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

Note 4

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% on 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. The majority of the VAT control account is therefore irrecoverable and we continue to liaise with HMRC to confirm these amounts.

Note 5

Cash held in P4UC is not included in this report.



Phosphorus Acquisition Limited – in administration

From 21 January 2016 to 20 July 2016

Directors' statement of affairs £		15 September 2014 to 20 January 2016 £	21 January 2016 to 20 July 2016 £	Total to 20 July 2016 £
Floating charge				
Receipts				
69,473	Cash at bank	69,472.80	-	69,472.80
	Bank interest	384.85	94.47	479.32
129,806	Intercompany debtors	-	-	-
7,328	Prepayments	-	-	-
206,607	Total receipts	69,857.65	94.47	69,952.12
Payments				
	Bank charges	3.40	-	3.40
	Legal fees	6,820.67	-	6,820.67
	Sundry appointment related costs	-	425.00	425.00
	Total payments	6,824.07	425.00	7,249.07
	Net floating charge realisations	63,033.58	(330.53)	62,703.05
	VAT control account	-	-	-
	Balance held in interest bearing current account	63,033.58	(330.53)	62,703.05
	Represented by			£
	Held in Barclays account			62,703.05
	Total			62,703.05

9. Statement of expenses incurred

As required by Rule 2.47 IR86, the following tables provide a summary of expenses incurred during the period of this report, and show whether those expenses have been paid or remained unpaid at the period end.

The statements 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.

Phones 4U Limited – in administration

From 21 January 2016 to 20 July 2016

During the period of this report we have made adjustments to historic receipts and payments. A breakdown of which is provided in Section 8. These changes result in changes to the total expenses paid in the statement below:

	Expenses incurred brought forward from 20 January 2016 (£)	Adjustments to brought forward expenses incurred (£)	Revised expenses incurred brought forward from 20 January 2016 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2016 (£)	Total expenses paid to 20 July 2016 (£)	Expenses outstanding at 20 July 2016 (£)
Agents' fees	2,112,264.24	(98.43)	2,112,165.81	44,947.26	2,157,113.07	(2,123,151.47)	33,961.60
Amounts relating to stock	556,577.00	-	556,577.00	-	556,577.00	(556,577.00)	-
Bank charges	21,805.47	(0.37)	21,805.10	728.80	22,533.90	(22,533.90)	-
Cleaning and site clearance	34,035.37	520.00	34,555.37	-	34,555.37	(34,555.37)	-
Consultancy fees	502,895.10	2,300.00	505,195.10	-	505,195.10	(505,195.10)	-
Duress payments	1,131,484.96	-	1,131,484.96	-	1,131,484.96	(1,131,484.96)	-
Employee expenses	111,444.85	7,235.19	118,680.04	1,893.50	120,573.54	(120,573.54)	-
Employers NIC	2,021,059.71	(137,889.54)	1,883,170.17	49,649.70	1,932,819.87	(1,932,819.87)	-
Gross wages and salaries	7,323,483.92	166,809.74	7,490,293.66	206,970.34	7,697,264.00	(7,658,484.54)	38,779.46
Insurance	360,361.70	-	360,361.70	22,216.61	382,578.31	(382,578.31)	-
Irrecoverable VAT	-	179,330.03	179,330.03	-	179,330.03	(179,330.03)	-
IT costs	2,649,511.70	39,265.68	2,688,777.38	-	2,688,777.38	(2,688,777.38)	-
Legal fees (P4U)	5,022,271.21	3,336.83	5,025,608.04	2,652,647.34	7,678,255.38	(7,493,934.71)	274,320.67
Legal fees (other group entities)	1,453,183.14	(1,433,057.12) ^{Note 1}	20,126.02	-	20,126.02	(20,126.02)	-
Lease/hire charges	3,524.80	-	3,524.80	-	3,524.80	(3,524.80)	-
Office holders' fees	10,917,499.20	-	10,917,499.20	1,725,266.90	12,642,766.10	-	12,642,766.10
Office holders' expenses	532,948.49	-	532,948.49	201,173.01	734,121.50	-	734,121.50
Other payroll deductions	85,565.83	-	85,565.83	-	85,565.83	(85,565.83)	-
Pension schemes	19,871.26	-	19,871.26	-	19,871.26	(19,871.26)	-
Petty cash	300.00	-	300.00	-	300.00	(300.00)	-
Pre-appointment expenses	-	30,255.91 ^{Note 2}	30,255.91	-	30,255.91	(30,255.91)	-
Property expenses	8,261.76	-	8,261.76	-	8,261.76	(8,261.76)	-
Purchases	17,913.02	-	17,913.02	-	17,913.02	(17,913.02)	-
Rates	94,949.99	-	94,949.99	1,789.18	96,739.17	(96,739.17)	-
Rent	6,433,011.82	(215,242.10)	6,217,769.72	-	6,217,769.72	(6,217,769.72)	-
Security costs	104,451.14	-	104,451.14	-	104,451.14	(104,451.14)	-
Service charges	308,476.82	-	308,476.82	-	308,476.82	(308,476.82)	-
Statutory advertising	294.46	-	294.46	-	294.46	(294.46)	-
Storage costs	1,387,935.24	-	1,387,935.24	3,309.19	1,391,244.43	(1,391,244.43)	-
Sundry appointment related costs	6,157.50	-	6,157.50	2,330.85	8,488.35	(8,488.35)	-
Transport and carriage	354,899.40	-	354,899.40	-	354,899.40	(354,899.40)	-
Utilities	6,747.64	-	6,747.64	114.17	6,861.81	(6,861.81)	-
Contribution to expenses excluding legal fees from PAS	(7,323,587.13)	696,648.08 ^{Note 3}	(6,626,939.05)	-	(6,626,939.05)	6,626,939.05	-
Total	36,259,599.61	(660,586.10)	35,599,013.51	4,913,036.85	40,512,050.36	(26,788,101.03)	13,723,949.33

Note 1

We have restated the legal fees and expenses paid on behalf of other Group companies to take account of amounts that can be or have already been recharged. 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 2

We have restated pre-appointment expenses to include amounts approved by the secured and preferential and paid in the period of this report.

Note 3

The contribution to expenses from PAS was previously shown gross. We have now restated the position to show the reimbursement net.



Phones 4 U Group Limited – in administration

From 21 January 2016 to 20 July 2016

	Expenses incurred brought forward from 20 January 2016 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2016 (£)	Total expenses paid to 20 July 2016 (£)	Expenses outstanding at 20 July 2016 (£)
Legal fees	6,143.06	-	6,143.06	-	6,143.06
Office holders' expenses	276.53	-	276.53	-	276.53
Office holders' fees	62,686.50	8,950.25	71,636.75	-	71,636.75
Total	69,106.09	8,950.25	78,056.34	-	78,056.34

Phones4U Finance plc – in administration

From 21 January 2016 to 20 July 2016

	Expenses incurred brought forward from 20 January 2016 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2016 (£)	Total expenses paid to 20 July 2016 (£)	Expenses outstanding at 20 July 2016 (£)
Bank charges	5.60	-	5.60	(5.60)	-
Legal fees	6,202.30	-	6,202.30	(4,760.57)	1,441.73
Office holders' expenses	522.91	-	522.91	-	522.91
Office holders' fees	44,340.50	9,422.00	53,762.50	-	53,762.50
Professional fees	79,966.56	-	79,966.56	-	79,966.56
Total	131,037.87	9,422.00	140,459.87	(4,766.17)	135,693.70

MobileServ Limited – in administration

From 21 January 2016 to 20 July 2016

	Expenses incurred brought forward from 20 January 2016 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2016 (£)	Total expenses paid to 20 July 2016 (£)	Expenses outstanding as at 20 July 2016 (£)
Bank charges	61,707.95	-	61,707.95	(61,707.95)	-
Legal fees	59,660.49	14,548.90	74,209.39	(48,357.72)	25,851.67
Office holders' expenses	397.36	-	397.36	-	397.36
Office holders' fees	42,848.50	8,838.75	51,687.25	-	51,687.25
Sundry appointment related costs	240.00	390.00	630.00	(630.00)	-
Total	164,854.30	23,777.65	188,631.95	(110,695.67)	77,936.28

Phosphorus Acquisition Limited – in administration

From 21 January 2016 to 20 July 2016

	Expenses incurred brought forward from 20 January 2016 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2016 (£)	Total expenses paid to 20 July 2016 (£)	Expenses outstanding at 20 July 2016 (£)
Bank charges	3.40	-	3.40	(3.40)	-
Legal fees	7,002.10	5.69	7,007.79	(6,820.67)	187.12
Office holders' expenses	333.19	-	333.19	-	333.19
Office holders' fees	34,908.75	7,336.00	42,244.75	-	42,244.75
Sundry appointment related costs	-	425.00	425.00	(425.00)	-
Total	42,247.44	7,766.69	50,014.13	(7,249.07)	42,765.06



Policy Administration Services Limited – in administration

From 21 January 2016 to 20 July 2016

	Restated: expenses incurred brought forward from 20 January 2016 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2016 (£)	Total expenses paid to 20 July 2016 (£)	Expenses outstanding at 20 July 2016 (£)
Agents' fees	13,176,801.29	4,599,728.58	17,776,529.87	(16,353,930.84)	1,422,599.03
Bank charges	146,708.69	24,781.43	171,490.12	(104,224.89)	67,265.23
Duress payments	931,978.33	-	931,978.33	(931,978.33)	-
Insurance	29,845,571.26	7,228,118.15	37,073,689.41	(35,493,327.73)	1,580,361.68
IT costs	149,947.61	532,940.21	682,887.82	(182,887.82)	500,000.00
Legal fees	1,164,225.27	31,873.51	1,196,098.78	(1,162,554.23)	33,544.55
Office costs	413,132.00	-	413,132.00	(413,132.00)	-
Office holders' fees	2,595,485.90	519,354.20	3,114,840.10	(2,157,270.00)	957,570.10
Office holders' expenses	28,569.93	962.42	29,532.35	(27,339.18)	2,193.17
Property	19,540.00	(927.12)	18,612.88	(18,612.88)	-
Stock purchase	15,530,492.79	1,206,114.90	16,736,607.69	(16,586,607.69)	150,000.00
Trade creditors	73,895.10	32,392.43	106,287.53	(90,814.53)	15,473.00
Warehouse costs	357,826.00	-	357,826.00	(357,826.00)	-
Wages and salaries	832,199.41	-	832,199.41	(832,199.41)	-
Total	65,266,373.58	14,175,338.71	79,441,712.28	(74,712,705.53)	4,729,006.75

Note 1

All figures have been restated exclusive of VAT as described in Note 1 of the receipts and payments account on page 51.

10. Estimated financial outcome statement

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

£'m	Low	High	Reference
Total asset realisations	203.1	203.2	
Less costs of realisations	(20.9)	(17.6)	
Net realisations	182.2	185.6	Section 5.1
PAS			
Trading	29.0	35.0	
Corporation tax	(4.5)	(6.0)	
PAS Administrators' fees ^{Note 2}	(4.0)	(5.0)	
Legal fees ^{Note 2}	(1.9)	(2.0)	
Prescribed part	(0.6)	(0.6)	
Total PAS	18.0	21.4	Section 5.2
Other costs			
Administrators fees	(17.1)	(16.5)	Section 5.6
RCF set off costs ^{Note 3}	(4.3)	(2.3)	Section 5.4
Other professional fees	(11.0)	(9.4)	Section 7.6
Preferential creditors	(1.7)	(1.7)	Section 5.7
Prescribed part	(1.2)	(1.2)	Section 5.7
Potential VAT expense ^{Note 4}	(37.4)	(37.4)	Section 5.1
Total available to secured creditors	127.5	138.5	
Super senior notes	430.0	430.0	Section 5.4
RCF / Letter of credit set off	(19.8)	(19.8)	Section 5.4
Estimated senior notes % return	25%	28%	Section 4

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 third party costs have been incurred to 20 July 2016. 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 third party costs have been incurred to 20 July 2016.

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

£2.3m of these costs reflect outstanding interest and fees due to the RCF lenders, the Security Trustee and the original Senior Notes Trustee and their respective advisors which were settled during the set off process under the terms of the loan documentation. As noted in Section 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

This amount has been included as a potential expense of the administration in both the upper and lower case estimates for illustration only. We remain of the opinion that the VAT treatment of trade bills maturing post administration is such that the VAT liability forms an unsecured creditor of the estate.

Administrator's progress report 2.24B

Name of Company Phones 4U Limited	Company Number 03154198
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 6516 of 2014

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

We (a) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT, Robert Jonathan Hunt and Robert John Moran (both of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT), joint administrators of the above company attach a progress report for the period joint administrators of the above company attach a progress report for the period

from

(b) 21 January 2016

to

(b) 20 July 2016

Signed 
 Joint Administrator (IP no. 9045)

Dated 10 August 2016

Administrator's progress report 2.24B

Name of Company Phones 4 U Group Limited	Company Number 04943837
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 6507 of 2014

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

We (a) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT, Robert Jonathan Hunt and Robert John Moran (both of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT), joint administrators of the above company attach a progress report for the period joint administrators of the above company attach a progress report for the period

from

to

(b) 21 January 2016

(b) 20 July 2016

Signed


 Joint Administrator (IP no. 9045)

Dated 10 August 2016

Administrator's progress report

2.24B

Name of Company Phones4U Finance plc	Company Number 07552754
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 6506 of 2014

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

We (a) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT, Robert Jonathan Hunt and Robert John Moran (both of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT), joint administrators of the above company attach a progress report for the period joint administrators of the above company attach a progress report for the period

from

to

(b) 21 January 2016

(b) 20 July 2016

Signed


 Joint Administrator (IP no. 9045)

Dated 10 August 2016

Administrator's progress report

2.24B

Name of Company MobileServ Limited	Company Number 05863265
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 6511 of 2014

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

We (a) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT, Robert Jonathan Hunt and Robert John Moran (both of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT), joint administrators of the above company attach a progress report for the period joint administrators of the above company attach a progress report for the period

from

(b) 21 January 2016

to

(b) 20 July 2016

Signed 
 Joint Administrator (IP no. 9045)

Dated 10 August 2016

Administrator's progress report 2.24B

Name of Company Phosphorus Acquisition Limited	Company Number 07405102
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 6508 of 2014

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

We (a) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT, Robert Jonathan Hunt and Robert John Moran (both of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT), joint administrators of the above company attach a progress report for the period joint administrators of the above company attach a progress report for the period

from

to

(b) 21 January 2016

(b) 20 July 2016

Signed

Joint Administrator (IP no. 9045)

Dated 10 August 2016

Administrator's progress report 2.24B

Name of Company Policy Administration Services Limited	Company Number 03907386
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 6504 of 2014

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

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, Ian David Green, Douglas Nigel Rackham and Daniel Yoram Schwarzmann (each of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT) joint administrators of the above company attach a progress report for the period

from

(b) 21 January 2016

to

(b) 20 July 2016

Signed


 Joint Administrator (IP no. 9045)

Dated 10 August 2016