

# Joint Administrators' fifteenth progress report for the period from 21 July 2021 to 20 January 2022

## **Phones 4U Limited**

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

## **Phones 4U Group Limited**

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

## **Phones4U Finance Plc**

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

## **MobileServ Limited**

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

## **Phosphorus Acquisition Limited**

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

## **Policy Administration Services Limited**

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

(All in administration)

14 February 2022

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# 1. Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
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 Companies together with 4U Limited, 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited and Phosphorus Holdco plc (see <a href="http://www.pwc.co.uk/phones4u">www.pwc.co.uk/phones4u</a> for details of insolvency procedures affecting these companies)
“Joint Administrators” or “We”	David James Kelly and Robert John Moran in respect of Phones 4U Limited. David James Kelly and Robert John Moran in respect of Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited. Douglas Nigel Rackham and David James Kelly in respect of Policy Administration Services Limited
“Concurrent Administrator”	Paul David Copley of Aldan Management Limited, 42 Brook Street, London, W1K 5DB, in respect of Phones 4U Limited
“the Administrators”	the Joint Administrators and the Concurrent Administrator together, in respect of Phones 4U Limited
“Aon”	Aon Insurance Managers Isle of Man Limited
“the Appellants”	DT, Orange, the O2 Defendants and the Vodafone Defendants together
“Committee”	The informal committee of certain Noteholders formed in October 2014 for the purpose of consulting with the Administrators in relation to various issues arising in the administrations
“CPR”	The Civil Procedure Rules 1998 (as amended)
“EE”	EE Limited
“D Return”	The report or return prepared by the Joint Administrators of P4U pursuant to the Insolvent Companies (Reports on Conduct of Directors) Rules 1996
“the Defendants”	EE, DT, Orange, the Vodafone Defendants and the O2 Defendants
“the Disclosure Order”	The Directions and Disclosure Order of Mr Justice Roth dated 11 August 2020
“DT”	Deutsche Telekom AG
“FCA”	Financial Conduct Authority
“FOS”	Financial Ombudsman Service
“HMRC”	HM Revenue & Customs
“ICAEW”	Institute of Chartered Accountants in England and Wales
“IA86”	The Insolvency Act 1986

<b>“IR16”</b>	The Insolvency (England and Wales) Rules 2016
<b>“ING”</b>	ING Bank N.V.
<b>“ISA”</b>	Insolvency Services Account
<b>“LGI”</b>	London and General Insurance Company Limited
<b>“Litigation”</b>	Proceedings commenced by P4U, acting by the Concurrent Administrator, in December 2018 against certain MNOs (and their affiliates), in respect of its claims of (amongst other things) breaches of competition law and / or contract by such parties leading to the appointment of administrators in September 2014
<b>“Lloyds”</b>	Lloyds Bank Plc
<b>“LSG”</b>	Lifestyle Services Group Limited
<b>“MNO”</b>	Mobile Network Operator
<b>“Notes”</b>	£430,000,000 9.500% senior secured notes due 2018 issued by Phones4U Finance plc, listed on the Irish Stock Exchange
<b>“Noteholders”</b>	Holders of the Notes
<b>“O2”</b>	Telefonica UK Limited
<b>“the O2 Defendants”</b>	O2, Telefónica, S.A. and Telefonica O2 Holdings Limited
<b>“Orange”</b>	Orange SA
<b>“P4U”</b>	Phones 4U Limited
<b>“P4UC”</b>	Phones 4U Care Limited
<b>“PAS”</b>	Policy Administration Services Limited
<b>“QE”</b>	Quinn Emanuel Urquhart & Sullivan UK LLP
<b>“Prescribed Part”</b>	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
<b>“Proposals”</b>	The administrators’ statement of proposals for achieving the purpose of the administrations, dated 6 November 2014
<b>“PwC”</b>	PricewaterhouseCoopers LLP
<b>“RCF”</b>	Revolving credit facility
<b>“VAT”</b>	Value added tax
<b>“the Vodafone Defendants”</b>	Vodafone Limited and Vodafone Group Plc

This report has been prepared by the Administrators of the Companies, solely to comply with the relevant Administrators’ statutory duties to report to creditors under IR16 on the progress of the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Companies.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Administrators' previous reports issued to the Companies' creditors, which can be found at [www.pwc.co.uk/phones4u](http://www.pwc.co.uk/phones4u). Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David James Kelly and Robert John Moran (both of PricewaterhouseCoopers LLP) have been appointed as Joint Administrators and Paul David Copley (of Aldan Management Limited) has been appointed as Concurrent Administrator of Phones 4U Limited to manage its affairs, business and property as its agents and act without personal liability. David James Kelly and Robert John Moran have been appointed as Joint Administrators of MobileServ Limited, Phosphorus Acquisition Limited, Phones 4 U Group Limited and Phones4u Finance Plc to manage their affairs, business and property as agents without personal liability. Douglas Nigel Rackham and David James Kelly have been appointed as Joint Administrators of Policy Administration Services Limited to manage its affairs, business and property as agents without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the ICAEW.

The Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP and/or Aldan Management Limited may act as a processor on the instructions of the Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the firms' websites or by contacting the Administrators. The 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>

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

# 2. Introduction and Key messages

## Why we've sent you this report

As required by insolvency legislation, this is our fifteenth report to creditors providing an update on the progress of the administrations of the Companies (as defined above). 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.

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](http://www.pwc.co.uk/phones4u) and their content is not repeated here unless considered beneficial or necessary for the purpose of this update. We anticipate that our next report will be circulated in approximately six months' time.

## Litigation

As previously reported, in December 2018, P4U, acting by its Concurrent Administrator, commenced proceedings against certain MNOs (and their affiliates), in respect of its claims of (amongst other things) breaches of competition law and / or contract by such parties leading to the appointment of administrators in September 2014. As further explained in Section 4.1, the Litigation is continuing in accordance with the Court timetable and, during the period covered by this report, P4U has continued to receive and review documents disclosed by the Defendants, and served amended particulars of claim setting out further detail of its case following a third case management conference in October 2021. Thereafter, the Defendants filed amended defences, and replies and factual witness statements were exchanged by the parties. In addition, P4U filed a report from its economics expert in December 2021.

As previously reported, the first part of the split trial, covering issues of infringement and breach, is scheduled to commence in May 2022.

## Customers of Phones 4u Limited

The website at [www.pwc.co.uk/phones4u](http://www.pwc.co.uk/phones4u) contains 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. 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 have already been made against P4U.

## Creditors

Dividends have been paid to the unsecured creditors of P4U, MobileServ and PAS from their statutory ring-fenced prescribed part funds. Unclaimed dividends for all cheques that had not been banked after six months have been passed to the Insolvency Service. Any creditors who did not cash their unsecured dividend cheques should therefore contact the Insolvency Service using the contact form on their website:

<https://www.insolvencydirect.bis.gov.uk/ExternalOnlineForms/GeneralEnquiry.aspx>

## Employees of Phones 4u Limited

If you are a former or current employee of P4U, you have received this report because our records show that you may be owed money by P4U in relation to the period prior to our appointment.

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

<https://www.insolvencydirect.bis.gov.uk/ExternalOnlineForms/GeneralEnquiry.aspx>

The balance of any amounts owed to former employees ranked as unsecured claims which were dealt with separately. As referred to above, any employees who did not cash their unsecured or preferential dividend cheque should contact the Insolvency Service. Further information is provided in Section 4.

In our proposals, we referred to an Employment Appeal Tribunal ruling that (in certain circumstances) employees who worked overtime can make backdated claims (for a limited period) in relation to additional holiday pay. We stated that this ruling could have been referred to the Court of Appeal, in which case a final decision may not be known for several years.

As this was a live issue at the time of our proposals, we felt it appropriate to mention it. The profession has not had the benefit of a Supreme Court ruling on the original matter. However, there is a standard approach for this matter in line with that taken by the RPS. In this particular case, due to the passage of time, we consider there will be no implications for this case and no residual preferential claims.

## Noteholders

The holders of the £430,000,000 9.500% senior secured notes due 2018 are expected to have the primary economic interest in the progress of the Companies' administrations. We communicate regularly with the Committee, in addition to releasing information more broadly on PwC's dedicated Phones 4U website.

## Distributions to Noteholders

In aggregate, £219.3m has been distributed to the Noteholders since the Companies entered administration. No further distributions were made during the period covered by this report. Excluding any recoveries from the Litigation, it is unlikely that there will be sufficient realisations to pay the Noteholders in full.

## Commercially sensitive matters

In Section 4.1 we explain what we are doing to realise the remaining assets and deal with the liabilities of P4U. Although we have reflected the receipts to 20 January 2022, consistent with previous reports we have not disclosed the prospective value of claims 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 Litigation workstream within our estimated outcome calculations (see Appendix E), except to the extent that PwC, Aldan and third-party costs have been incurred to 20 January 2022.

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

Yours faithfully  
For and on behalf of the Companies



David Kelly, Joint Administrator

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### 3. 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 potential realisations from ongoing litigation and certain associated costs. An estimated financial outcome statement is provided in Appendix E. 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
	<b>Estimated recovery for secured creditors</b> <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 (Note 1)				
Estimated % recovery for secured creditors:	100% for the RCF lenders and uncertain recoveries for the Noteholders, as it depends on the outcome, timing and costs of the Litigation (on the basis set out in Section 4.4 and in line with the comments in "forecast timing" below).					
Forecast timing:	The timing and quantum of any further distributions remains uncertain and is dependent on the matters set out in Section 4 of this report, most notably the progress of the Litigation.					
	<b>Estimated dividend prospects for preferential creditors</b> <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				
Estimated % recovery for preferential creditors:	100%	Note 2				
Forecast timing:	Paid	Note 2				

**Note 1** - This is the face value of the Notes and excludes any accrued interest

**Note 2** - All employees were contracted with Phones 4U Limited.



	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance Plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
	<b>Estimated dividend prospects for unsecured creditors</b> <i>(creditors who are neither secured nor preferential)</i>					
Amount owed to unsecured creditors:  <i>(as per total admitted claims where there has been a dividend, and as per the statement of affairs where there has not)</i>	£173,147,665	£69,220,516	£92,428,369	£804,251,103	£561,308,251	£37,896,401
Prescribed part fund (before costs)	£600k	Nil	Nil	£600k	Nil	£600k
% recovery for unsecured creditors:	0.27%	Nil	Nil	0.07%	Nil	1.5%
Forecast timing:	Paid ✓	N/A ✗	N/A ✗	Paid ✓	N/A ✗	Paid ✓

#### *Unsecured creditors*

The only dividends to unsecured creditors have arisen from the ring-fenced funds under the 'prescribed part' provisions of the IA86 which have been paid by the companies Phones 4u Limited, MobileServ Limited and Policy Administration Services Limited. No dividends are expected from any other group companies.

Unclaimed prescribed part dividends in these companies have been passed to the Insolvency Service. Any creditors who did not cash their unsecured dividend cheques should therefore contact the Insolvency Service using the contact form on their website: <https://www.insolvencydirect.bis.gov.uk/ExternalOnlineForms/GeneralEnquiry.aspx>

# 4. 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.

The Administrators have realised the material assets of the Companies in Administration. The primary focus of the P4U administration is now the Litigation (Section 4.1 below). In addition, the Administrators continue to conduct the day to day affairs of the Companies. Our progress is also illustrated in the enclosed receipts and payments accounts for each Company in Appendix A.

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

- Progressed the Litigation (Concurrent Administrator only);
- Provided updates to the Committee;
- Continued to seek recovery of remaining MobileServ debtors;
- Oversight of trading of the PAS business; and
- Continued planning for an exit of the PAS business.

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

## 4.1 Phones 4u Limited

### Litigation

As previously reported, Paul Copley was appointed as the Concurrent Administrator of P4U in November 2018. Under the High Court order, the scope of the Concurrent Administrator's role is restricted to investigating the facts and circumstances leading up to the administration of P4U in order to consider whether such facts and circumstances involve any wrongful conduct and / or breach of competition law by third parties, such as to give rise to any claims or causes of action by P4U against such third parties and, if relevant, to issue and prosecute such claims on behalf of P4U.

On 18 December 2018, P4U issued proceedings in the English High Court against:

- EE Limited;
- Deutsche Telekom AG;
- Orange SA;
- Vodafone Limited;
- Vodafone Group PLC;
- Telefonica UK Limited;
- Telefonica SA; and
- Telefonica O2 Holdings Limited (formerly Telefonica Europe PLC).

P4U's legal advisers in connection with the Litigation are QE, who have appointed Counsel and other advisers as necessary for supporting P4U's case in the proceedings.

The three claims made by P4U are that:

- Each Defendant was party to an agreement and/or decision and/or concerted practice in breach of EU and/or English competition law;
- EE was in breach of its contract with P4U, relying on express and/or implied terms as to good faith; and
- DT and Orange procured and induced EE's breach of contract, and/or committed common law conspiracy.

During the first half of 2019, the Defendants filed their defences to P4U's claims, denying all substantive allegations and, in October 2019, P4U filed replies to the defences. Case management conferences were held in March and July 2020 to resolve procedural matters. Standard disclosure was exchanged in February 2021, under which P4U disclosed approximately 18,000 documents. P4U received over 190,000 documents from the Defendants, including as part of standard disclosure in February 2021, as a result of subsequent correspondence between QE and the Defendants' legal advisers and following exchange of factual witness evidence in December 2021.

A third case management conference was held in October 2021 to hear P4U's applications to: (i) amend its particulars of claim following receipt of disclosure from the Defendants and through correspondence thereafter; (ii) adduce expert evidence of an economist in respect of certain matters that arise on the case; and (iii) request that the Second Defendant conduct specific additional searches in connection with the scope of its disclosure. In addition, the hearing considered submissions regarding key dates in the timetable to trial.

The proposed amendments to the particulars of claim were served on the Defendants on 30 July 2021 and all but DT and Vodafone provided their consent during the month of September. An amendment was agreed with Vodafone in respect of a specific matter and their objection was therefore withdrawn shortly before the hearing. Following consideration of the objections raised by DT in respect of the amendments, the Court ordered that the amended particulars of claim be finalised and served on 19 October 2021, which was duly done.

In the expert application, P4U sought to include evidence covering certain questions regarding the structure and characteristics of the UK mobile telephony market in 2012-14, the various factors that would have tended to incentivise an MNO to distribute via an indirect retailer such as P4U (and their significance to each MNO) and the differences in the market between 2006-09 and the 2012-14 period. All of the Defendants objected to P4U's application on various grounds, but the Court considered that expert evidence would be necessary in respect of certain specific issues arising on the case. It was ordered that P4U serve a report from its economic expert on certain specific issues in December 2021, with the Defendants to serve reply report(s) (if necessary) in early 2022. P4U served a report prepared by David Thomas, its economics expert, on 22 December 2021.

As noted above, in addition to the documents provided as part of standard disclosure, the Defendants provided numerous additional documents in response to further information requests. However, up until shortly before the case management hearing, DT had resisted P4U's requests to conduct certain limited further searches in respect of two senior employees, and therefore P4U made an application for further disclosure. In relation to the first employee, the dispute was resolved two days before the hearing; in relation to the second, submissions were made to the Court and the judge ruled in P4U's favour (subject to a minor restriction in the date range for the searches).

On 26 October 2021, EE, Orange and Telefonica filed their amended defences in response to P4U's amended particulars of claim dated 19 October 2021, and on 2 November 2021, DT and Vodafone filed their amended defences. In accordance with the order of Mr Justice Roth dated 27 October 2021, the Defendants had until 9 November 2021 to file any further amendments to their defences in respect of the amendments made by P4U to paragraph 68C(c) (and paragraph 70C, only to the extent it related to paragraph 68C(c)) of the amended particulars of claim. No such re-amended defences were submitted. On 16 November 2021, P4U filed its amended replies to the amended defences.

The parties exchanged factual witness statements on 10 December 2021. Supplemental factual witness statements were exchanged in reply on 8 February 2022, after certain deadline extensions were sought by both P4U and the Defendants.

The trial timetable remains as previously communicated, with the first trial (of the split trial, covering issues of infringement and breach) scheduled for 10.5 weeks commencing on 11 May 2022. In the interim, following service of the Defendants' economic expert report(s) by 25 February 2022, the experts of P4U and the Defendants will work to prepare a joint memorandum (or memoranda) setting out the issues on which they are agreed and any remaining points of difference. The joint memorandum must be filed by 11 March 2022, ahead of the pre-trial review on 23 March 2022. It is expected that the second trial (dealing with causation and quantum) will not be scheduled until the first judgement has been handed down. As is the nature of complex litigation, delays may occur.

As previously noted, P4U has retained a significant cash balance for the purpose of funding the litigation and providing for potential adverse costs awards should the Defendants prevail. See Appendix A of this report for further information. During the period covered by this report, a further £0.7 million was paid into a designated account as security for the Defendants' costs up to March 2021, and the Defendants have recently requested that further security be provided (for costs incurred between March and December 2021). It is expected that the relevant amounts will be notified and transferred by the end of March 2022. The total security provided to date is £15.5 million, being 65% of the costs incurred for the relevant periods (that amount determined by agreement with the O2 Defendants and the Vodafone Defendants, and the judgement of Mr Justice Roth dated 20 July 2020 in respect of EE, DT and Orange).

Copies of the public documents relating to the Litigation may be found at <https://www.aldanmanagement.com/phones4u>.

### **Sale and wind-down of store network**

As previously reported, we were advised by our legal advisors that several stores had been re-let which means P4U's lease has been deemed to be surrendered by operation of law. The lease in respect of one of the stores where surrender had not been accepted expired during the period. Our solicitors continue to liaise with the landlords of the two remaining properties. The leases of these properties are due to expire over the next two years.

## Barclaycard refund

During the period of this report, we have realised £169,253.73 relating to the release of funds held on reserve by Barclaycard. We are not expecting any further receipts of this nature.

## 4.2 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.

### Trading

At the outset of the COVID-19 crisis PAS and LSG (the run-off service provider) took appropriate action to ensure the service to PAS's customers continued with as little disruption as possible. These actions included the establishment of home working for call centre staff and the temporary reduction in customer call centre hours to Monday - Friday 9.00-17:00.

The call centre is now operating close to pre-COVID-19 levels with a Monday - Saturday service, which started in July 2021. There has been no significant impact on the delivery of services to the PAS customers or the profitability of the PAS business due to the COVID-19 crisis.

We continue to monitor the situation closely and liaise with LSG, to ensure appropriate processes and systems are in place going forward to support the PAS business and its customers.

The PAS business continues to perform well. The customer base has declined more slowly than expected to approximately 69,000 policyholders as at the end of December 2021; Phones 4U Care and Premierplan products having approximately 31,000 and 38,000 policyholders respectively. Claims costs per policy remain broadly in line with forecast.

PAS was one of the entities included in the application to the Court for extension of the administrations. This was granted by the Court, extending the PAS administration through to 15 March 2023. The forecast PAS trading and cost figures included in this report have been prepared on the basis that trading will continue through to September 2022 followed by a 12-month run off period through to September 2023 to enable the conclusion of any residual trading matters and the completion of administration closure procedures. Due to a declining book and certain fixed costs, viability is becoming more marginal. There are also regulatory changes which come into effect in October 2022 which means we cannot carry on the business in a cost effective manner beyond that date.

In order to ensure a smooth exit, a further extension application will be made at the appropriate time in order to accommodate the 12-month run-off period and where appropriate in conjunction with other P4U estates.

All policies automatically renew on a monthly basis until they are cancelled by PAS or the customers. In accordance with industry 'best practice' to ensure customers are treated fairly, we send policyholders annual reminder letters to check that they continue to need their policy. As part of the most recent annual reminder process we engaged an external party to undertake a "data wash" review to validate the accuracy of customer contact details held and, where necessary, to update details for customers who have relocated to a different address. The customer contact process concluded in December 2021. Customers were contacted by letter or, where considered more appropriate and effective, via email or SMS.

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

Detailed monthly management information reports for the underwriter continue to be produced to enable them to meet their regulatory obligations.

Discussions with LSG and other stakeholders have continued in the period to plan for a smooth exit of the business once it is no longer viable for PAS to continue trading. Our current plan is that we will provide customers with notice of termination during July and August 2022. As part of the closure process, we will make suitable arrangements for late claims and termination of all third-party relationships.

### Asset Realisations

As outlined above, trading forecasts identify that the PAS business will continue to remain profitable through to September 2022. While a conservative approach has been taken to the estimation of trading profitability, these estimates are highly sensitive to policy cancellation and subject to regular review.

### Regulatory Update

PAS continues to be authorised and regulated by the FCA for insurance distribution and manages customer claims and complaints processes on behalf of the underwriter LGI. We continue to monitor and regularly audit claims and

complaints processes and have identified no major or systemic risk in the way LSG handles customers' policies. PAS receives very few complaints and of the 8 cases referred to the FOS during the last 12 months, 6 have been adjudicated by the FOS, with 2 awaiting the outcome of the FOS review. None of the 6 adjudicated complaints were upheld.

We continue to monitor regulatory changes impacting the market.

PAS is the parent company of a captive reinsurer in the Isle of Man ("IOM"), P4UC, which reinsures the insurance business. Aon, the captive manager of P4UC, continues to operate in accordance with the management agreement.

During the period one of the non-executive directors of P4UC resigned. A process was undertaken whereby a number of suitably qualified IOM based professionals were considered as replacement non-executive director. Having undertaken this process a partner from PwC IOM was identified by P4UC management as the most suitable candidate and following IOM regulatory checks, was appointed to the board with effect from 1 May 2021. The non-executive director is paid directly by P4UC under a fixed fee contract of £8.5k per annum with no costs incurred directly by the PAS estate.

The latest board meeting of P4UC was held in November 2021 when a full report of the business was given, and the directors continue to be satisfied with trading and governance arrangements. Auditors Crowe Clark Whitehill have completed an audit of the 2020 annual accounts and identified no material matters of concern.

It has been agreed with the board of P4UC that the solvency buffer held by the captive will remain at £1.1m.

As at 20 January 2022, £47.5m has been paid in dividends from P4UC to PAS, of which £2.4m was paid during the period.

### **4.3 Other companies**

Aside from minimal receipts of bank interest, there have been no asset realisations in any of the other four companies during the period covered by this report.

Furthermore, other than realisations from the Litigation and certain MobileServ debtors, there are no further known assets to realise in any of these four companies. We believe that each of these four companies should remain in administration in order to benefit from any future Litigation realisations.

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.

### **4.4 Secured creditors**

As previously reported, the RCF lenders relied upon set-off, pro-rata sharing and reinstatement provisions under the finance documentation to affect a series of set-offs. As a result, the RCF lenders have been repaid in full, except for a nominal sum, in effect leaving only the Noteholders as secured creditors with balances outstanding in the administrations.

We have previously reported that during the set-off process, the Security Trustee exercised its right under the intercreditor agreement to withhold funds in order to indemnify itself. As at 20 January 2022, the Security Trustee held approximately £1m (less certain legal and trustee fees). A further £1m is held on trust by GLAS Trust Corporation Limited in relation to potential claims of the Senior Note Trustee.

We expect that all retained funds (net of any legal and trustee fees) will be returned to the secured creditors, but we have reflected the risk that funds may be required to pay any necessary future legal costs for the recovery of the above amounts, in our estimated financial outcome statement (see Appendix E).

We consider the Noteholders to have the primary economic interest in realisations made in the administrations of the Companies. Although we remain of the view there will be insufficient funds to repay the Noteholders in full, the estimated outcome for the Noteholders is uncertain as it depends on the outcome, timing and costs of the Litigation. We provide our estimated financial outcome statement in Appendix E.

We have now made four interim distributions totalling £219.3m and representing 51% of the Noteholders' principal claims.

### **4.5 Administrators' remuneration**

We have drawn fees up to 30 September 2021 in respect of P4U, MobileServ, PAS and Phosphorus Acquisition. We are in the process of preparing our billing run for the period 1 October 2021 to 30 December 2021, and expect to draw these after the issuance of this report.

The Concurrent Administrator has drawn fees on a monthly basis, the most recent of which has been drawn to December 2021.

Fees for all other Companies are drawn on an ad-hoc basis and only where there are sufficient funds available. All fees drawn are clearly shown in the receipts and payments accounts in Appendix A.

Further information on our remuneration policy, together with all information and analysis required by Statement of Insolvency Practice No.9 ("SIP 9") and insolvency legislation is set out in Appendix C.

Appendix C also includes an estimate of the future time costs we expect to incur as we continue to progress the outstanding matters in the administrations. These matters are set out further below in Section 4.6 but also include statutory, accounting and treasury functions which will continue on each administration until they come to an end. As noted elsewhere in this report, we have not included any expected future costs in relation to the Litigation.

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

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

[www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf](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 Matthew Duckworth on +44(0)113 289 4916.

## 4.6 What we still need to do

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

Company	What we still need to do
Phones 4u Limited	<ul style="list-style-type: none"> <li>Continue Litigation (Concurrent Administrator only);</li> <li>Liaise with Concurrent Administrator and QE (Joint Administrators);</li> <li>Further and final distributions to Noteholders;</li> <li>Finalise residual property matters;</li> <li>Provide updates to the Committee;</li> <li>Ongoing corporation tax, VAT and regulatory compliance; and</li> <li>Recovery of monies held by the Security Trustee and GLAS Trust Corporation Limited.</li> </ul>
Policy Administration Services Limited	<ul style="list-style-type: none"> <li>Facilitate ongoing trading and implement the current strategy to maximise realisations from future profitable trading;</li> <li>Formulate an agreed closure plan with all stakeholders and the regulators;</li> <li>Finalise tax and VAT matters and obtain clearance from HMRC; and</li> <li>Further and final distributions to Noteholders.</li> </ul>
MobileServ Limited	<ul style="list-style-type: none"> <li>Realise intercompany assets from other Group companies in the case of further realisations in those entities;</li> <li>Realise remaining outstanding debtors;</li> <li>Complete ongoing statutory and compliance, tax and VAT matters until such a time that the administrations can be brought to an end; and</li> <li>Obtain clearance from HMRC before exiting administration</li> </ul>
Phones 4 U Group Limited Phones4u Finance Plc Phosphorus Acquisition Limited	<ul style="list-style-type: none"> <li>Realise intercompany assets from other Group companies in the case of further realisations in those entities;</li> </ul>

- 
- Complete ongoing statutory and compliance, tax and VAT matters until such a time as the administrations can be brought to an end; and
  - Obtain clearance from HMRC before exiting administration
- 

## **4.7 Ending the administration**

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.

## **4.8 Discharge from liability**

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

## **4.9 Next report**

We anticipate that we will circulate our next report to creditors in approximately six months' time.

## **4.10 Investigations and actions**

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

## **4.11 Our receipts and payments account**

We set out in Appendix A an account of our receipts and payments in the administration from 21 July 2021 to 20 January 2022.

## **4.12 Our expenses**

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses. The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

## **4.13 Our fees**

We set out in Appendix C an update on the Joint Administrators' and the Concurrent Administrator's remuneration which covers fees and other related matters in this case.

## **4.14 Creditors' rights**

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at: <https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-administrators-fees-final.ashx?la=en>

You can also get a copy free of charge by telephoning Matthew Duckworth on 0113 289 4916.



# Appendix A: Receipts and payments

## Phones 4u Limited – in administration From 21 July 2021 to 20 January 2022

Directors' statement of affairs		15 September 2014 to 20 July 2021	21 July 2021 to 20 January 2022	Total to 20 January 2022
£		£	£	£
	<b>Floating charge</b>			
	<b>Receipts</b>			
1,003,700	Accrued income	-		-
35,168,467	Amounts related to stock	30,308,407.18	-	30,308,407.18
1,526,401	Book debts	3,037,875.51	6.32	3,037,881.83
Undisclosed	Network commissions	313,113,974.09	-	313,113,974.09
73,581,338	Cash at bank	92,967,951.25	-	92,967,951.25
	Contribution to costs from group companies	8,283,588.21	-	8,283,588.21
	Contributions to legal fees	1,928,408.51	-	1,928,408.51
	Contributions to rent	6,803,928.09	-	6,803,928.09
	Contributions to wages	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
156,652	Intercompany debtors	996,971.86	-	996,971.86
	Intellectual property rights	100,000.00	-	100,000.00
	Interest received gross	2,653,802.12	29,515.36	2,683,317.48
2,250,000	Lease premiums	743,400.01	-	743,400.01
	Miscellaneous receipts	41,797.60	169,325.73	211,123.33
	Office equipment	201,702.32	-	201,702.32
46,122	Pre-payments	-	-	-
	Rates refunds	1,271,218.70	-	1,271,218.70
	Other refunds	216,670.57	-	216,670.57
	Sale of business	14,218,577.86	-	14,218,577.86
	Software licences	180,100.00	-	180,100.00
5,870,969	Subrogated inter-company claims	-	-	-
250,000	Tangible fixed assets	-	-	-
	Third party funds	192,307.12	-	192,307.12
	VAT Bad Debt Relief	100,951.68	-	100,951.68
Undisclosed	<b>Total receipts</b>	<b>479,457,097.66</b>	<b>198,847.41</b>	<b>479,655,945.07</b>



Directors' statement of affairs £	15 September 2014 to 20 July 2021 £	21 July 2021 to 20 January 2022 £	Total to 20 January 2022 £
<b>Floating charge</b>			
<b>Payments</b>			
Agents' fees	55,798,705.12	25,000.00	55,823,705.12
Amounts relating to stock	556,577.00	-	556,577.00
Bank charges	24,587.98	123.00	24,710.98
Cleaning and site clearance	34,590.37	-	34,590.37
Consultancy fees	505,695.10	-	505,695.10
Corporation tax	1,812,964.73	-	1,812,964.73
Duress payments	1,131,484.96	-	1,131,484.96
Employee expenses	123,017.66	-	123,017.66
Gross wages, salaries and employers NIC	10,936,387.68	-	10,936,387.68
Insurance	407,571.04	112.00	407,683.04
Investigations - Investigations Legal Fees	-	-	-
Investigations - Concurrent Administrator's Fees	-	-	-
Irrecoverable VAT	274,190.95	-	274,190.95
IT costs	2,843,238.20	-	2,843,238.20
Legal fees	11,781,577.63	92,077.50	11,873,655.13
Lease/hire charges	3,524.80	-	3,524.80
Litigation - Litigation Legal Fees	11,699,092.31	5,085,000.67	16,784,092.98
Litigation - Litigation Concurrent Administrator's Fees	605,493.50	279,921.00	885,414.50
Litigation - Security for costs	14,767,390.74	723,333.44	15,490,724.18
Office costs, stationery and postage	14,402.97	-	14,402.97
Office holders' fees (time cost basis)	21,639,919.58	228,737.67	21,868,657.25
Office holders' fees - Litigation (time cost basis)	561,374.17	(128,068.67)	433,305.50
Office holders' fees (Prescribed Part distribution)	125,000.00	-	125,000.00
Office holders' expenses	256,911.60	-	256,911.60
Office holders' expenses (PwC Legal LLP)	477,619.91	-	477,619.91
Oracle Settlement	191,666.67	-	191,666.67
Other payroll deductions	85,565.83	-	85,565.83
Pension schemes	19,871.26	-	19,871.26
Petty cash	300.00	-	300.00
Pre-appointment expenses	30,255.91	-	30,255.91
Property expenses	8,261.76	-	8,261.76
Purchases	17,913.02	-	17,913.02
Rates	97,529.17	-	97,529.17
Rent	6,172,022.11	-	6,172,022.11
Security costs	104,451.14	-	104,451.14
Service charges	308,476.82	-	308,476.82
Statutory advertising	444.46	-	444.46
Storage costs	1,440,347.40	3,671.64	1,444,019.04
Sundry appointment related costs	32,005.75	65.00	32,070.75
Transport and carriage	354,899.40	-	354,899.40
Unclaimed dividends paid to the ISA	16,192.43	-	16,192.43
Utilities	993,574.86	-	993,574.86
<b>Total payments</b>	<b>146,255,096.00</b>	<b>6,309,973.25</b>	<b>152,565,069.20</b>
<b>Net floating charge realisations</b>	<b>333,202,001.70</b>	<b>(6,111,125.84)</b>	<b>327,090,875.80</b>

<b>Secured creditors</b>			
RCF - letters of credit called up	15,810,000.00	-	15,810,000.00
RCF - letters of credit uncalled (held by Security Trustee)	-	-	-
<b>Total RCF indebtedness</b>	<b>15,810,000.00</b>	-	<b>15,810,000.00</b>
Senior secured noteholders	191,003,502.30	-	191,003,502.30
<b>Total distributions to Noteholders</b>	<b>191,003,502.30</b>	-	<b>191,003,502.30</b>
Cash-backed indemnities	3,000,000.00	-	3,000,000.00
Recovery of costs and interest	2,289,791.18	-	2,289,791.18
<b>Total secured creditor entitlements</b>	<b>212,103,293.48</b>	-	<b>212,103,293.48</b>
<b>Preferential creditors</b>			
Distribution to preferential creditors (100 pence in the £)	1,716,513.98	-	1,716,513.98
<b>Total preferential creditor distribution</b>	<b>1,716,513.98</b>	-	<b>1,716,513.98</b>
<b>Unsecured creditors</b>			
Distribution to unsecured creditors (0.27 pence in the £)	458,887.65	-	458,887.65
<b>Total unsecured creditor distribution</b>	<b>458,887.65</b>	-	<b>458,887.65</b>
VAT control account	1,010,377.76	(306,671.94)	703,705.82
<b>Balance held in interest bearing current accounts</b>	<b>119,933,684.32</b>	<b>(6,417,797.78)</b>	<b>113,515,886.54</b>
<b>Represented by</b>			
Held in Barclays			922,692.25
Held in HSBC			16,212,010.18
Invested in high interest account			96,381,184.11
<b>Total</b>			<b>113,515,886.54</b>

#### Note 1

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

#### Phones 4 U Group Limited – in administration

From 21 July 2021 to 20 January 2022

Directors' statement of affairs £	15 September 2014 to 20 July 2021 £	21 July 2021 to 20 January 2022 £	Total to 20 January 2022 £
<b>Floating charge</b>			
<b>Receipts</b>			
- None	-	-	-
- <b>Total receipts</b>	-	-	-
<b>Payments</b>			
- None	-	-	-
- <b>Total payments</b>	-	-	-
- <b>Net floating charge realisations</b>	-	-	-
<b>Represented by</b>			
Held in Barclays account			-
<b>Total</b>			-



**MobileServ Limited – in administration**  
From 21 July 2021 to 20 January 2022

Directors' statement of affairs	15 September 2014 to 20 July 2021	21 July 2021 to 20 January 2022	Total to 20 January 2022	
£	£	£	£	
<b>Floating charge</b>				
<b>Receipts</b>				
(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	Employees' loan account	55,045.73	-	55,045.73
427,096	Intercompany debtors	27,573.57	-	27,573.57
	Interest received gross	326,624.54	777.38	327,401.92
	Investments	444,556.23	-	444,556.23
	Sundry debts and refunds	435.00	-	435.00
	Third party funds	-	-	-
<b>(18,739,611)</b>	<b>Total receipts</b>	<b>5,600,197.01</b>	<b>777.38</b>	<b>5,600,974.39</b>
<b>Payments</b>				
	Bank charges	61,809.60	39.00	61,848.60
	Legal fees	127,839.23	31,662.45	159,501.68
	Office holders' fees (time cost basis)	209,423.95	66,620.90	276,044.85
	Office holders' fees (prescribed part fees)	30,000.00	-	30,000.00
	Office holders' expenses	589.72	-	589.72
	Corporation tax	4,998.39	-	4,998.39
	Sundry appointment related costs	1,557.00	-	1,557.00
	<b>Total payments</b>	<b>436,217.89</b>	<b>98,322.35</b>	<b>534,540.24</b>
<b>Unsecured creditors</b>				
	Distribution to unsecured creditors (0.07 pence in the £)	570,000.00	-	570,000.00
	<b>Total unsecured creditor distribution</b>	<b>570,000.00</b>	<b>-</b>	<b>570,000.00</b>
	VAT control account	783.78	(6,754.82)	(5,971.04)
	<b>Balance held in interest bearing current accounts</b>	<b>4,594,762.90</b>	<b>(104,299.79)</b>	<b>4,490,463.11</b>
<b>Represented by</b>				
	Held in Barclays account			£ 2,164,028.77
	Held in HSBC account			2,326,434.34
	<b>Total</b>			<b>4,490,463.11</b>

**Note 1**

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

**Note 2**

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

**Policy Administration Services Limited – in administration**  
**From 21 July 2021 to 20 January 2022**

Directors' statement of affairs		16 September 2014 to 20 July 2021	21 July 2021 to 20 January 2022	Total to 20 January 2022
£		£	£	£
<b>Trading statement</b>				
<b>Receipts</b>				
27,000,000	Customer insurance premiums	143,130,331.83	3,397,473.51	146,527,805.34
	Customer refunds and claims paid in cash	(3,597,972.28)	(102,307.31)	(3,700,279.59)
	Dividends received from P4UC	45,148,220.65	2,400,000.00	47,548,220.65
	Interest received gross	528,863.30	5,586.76	534,450.06
	Sales of irreparable phones	3,592,898.91	-	3,592,898.91
	Sale of office equipment	583.33	-	583.33
<b>27,000,000</b>	<b>Total trading receipts</b>	<b>188,802,925.74</b>	<b>5,700,752.96</b>	<b>194,503,678.70</b>
<b>Payments</b>				
	Agents' fees	31,149,659.97	510,310.04	31,659,970.01
	Bank charges	346,613.48	23,486.11	370,099.59
	Duress payments	931,978.33	-	931,978.33
	Insurance	71,616,896.14	1,995,235.71	73,612,131.85
	IT costs	546,241.61	21,974.42	568,216.03
	Legal fees	1,364,203.73	26,536.48	1,390,740.21
	Office costs	413,132.00	-	413,132.00
	Office holders' expenses	31,895.16	-	31,895.16
	Office holders' fees	7,500,118.93	145,457.10	7,645,576.03
	Property	18,612.88	-	18,612.88
	Stock purchase	24,247,301.73	319,054.91	24,566,356.64
	Trade creditors	102,640.77	-	102,640.77
	Warehouse costs	357,826.00	-	357,826.00
	Wages and salaries	832,199.41	-	832,199.41
	<b>Total trading payments</b>	<b>139,459,320.14</b>	<b>3,042,054.77</b>	<b>142,501,374.91</b>
	<b>Trading account surplus</b>	<b>49,343,605.60</b>	<b>2,658,698.19</b>	<b>52,002,303.79</b>

Directors' statement of affairs £		16 September 2014 to 20 July 2021 £	21 July 2021 to 20 January 2022 £	Total to 20 January 2022 £
<b>Floating charge</b>				
<b>Receipts</b>				
35,348	Accrued income	-	-	-
14,724,121	Cash at bank	13,825,702.60	-	13,825,702.60
47,360	Prepayments	-	-	-
4,312,377	Stock	-	-	-
	Trading account balance (see above)	43,343,605.60	2,658,638.19	52,002,303.79
19,721,006	<b>Total receipts</b>	<b>63,169,308.20</b>	<b>2,658,638.19</b>	<b>65,828,006.39</b>
<b>Payments</b>				
	Corporation tax	8,937,229.77	293,014.00	9,230,243.77
	<b>Total payments</b>	<b>8,937,229.77</b>	<b>293,014.00</b>	<b>9,230,243.77</b>
	VAT control account (Net Irrecoverable VAT)	2,468,306.74	19,307.55	2,488,214.29
	<b>Floating charge realisations</b>	<b>51,763,771.69</b>	<b>2,345,776.64</b>	<b>54,109,548.33</b>
<b>Secured creditors</b>				
	Distribution to senior secured Noteholders	28,296,497.70	-	28,296,497.70
	<b>Total secured creditor entitlements</b>	<b>28,296,497.70</b>	<b>-</b>	<b>28,296,497.70</b>
<b>Unsecured creditors</b>				
	Distribution to unsecured creditors	570,760.00	-	570,760.00
	<b>Total unsecured creditor entitlements</b>	<b>570,760.00</b>	<b>-</b>	<b>570,760.00</b>
	<b>Balance held in interest bearing accounts</b>	<b>22,896,513.99</b>	<b>2,345,776.64</b>	<b>25,242,290.63</b>
<b>Represented by</b>				
	Held at Barclays			£ 6,135,400.06
	Held at Lloyds			555,640.43
	Held at ANZ			18,551,250.08
	<b>Total</b>			<b>25,242,290.63</b>

#### Note 1

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

#### Note 2

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

#### Note 3

Cash held in P4UC is not included in this report.

# Appendix B: Expenses

Expenses are amounts properly payable by us as administrators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

<b>Expense</b>	<b>SIP 9 definition</b>
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firms or their associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the secured and preferential creditors) also have the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses have been incurred by us as administrators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to the case (no Category 2 expenses have been incurred by Aldan, and less than £500 in Category 1 expenses):

The expense policy set out above for the category 2 expenses (Photocopying, mileage and PwC Legal) have been approved by the secured and preferential creditors.

**Phones 4U Limited – in administration**  
Summary of disbursements incurred to 22 January 2022

Category	Policy	15 September 2014 to 20 July 2021 (£)	21 July 2021 to 20 January 2022 (£)	Total to 20 January 2022 (£)
2	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	20,444.92	9.00	20,453.92
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	30,092.99	-	30,092.99
2	PwC Legal LLP - time costs and disbursements.	477,619.91	-	477,619.91
	Partner	£395 (£495)		
	Senior Manager	£280 (£355)		
	Manager	£210 (£265)		
	Solicitor	£140 (£245)		
	Trainee Solicitor	£125 (£160)		
	In common with all professional firms, the scale rates used may rise periodically (for example to cover annual inflationary cost increases) over the period of the administration. Any material amendments will be advised to creditors in the next statutory report.			
2	Specialist software usage:			
	License fees - at £100 per month for each named user accessing the online review platform and £50 per Gigabyte of data processed.	41,097.55	-	41,097.55
	Hosting - at £25 per Gigabyte of data processed per calendar month	368,571.00	-	368,571.00
	We are in the process of determining the most appropriate and cost effective method of seeking approval for these costs, which may involve seeking approval from the secured creditors in due course.			
1	All other disbursements reimbursed at cost:			
	External venue costs	35,691.05	-	35,691.05
	Concurrent Administrator disbursements	247.00	-	247.00
	Hotel accommodation	35,143.90	-	35,143.90
	Rail fares	27,482.48	-	27,482.48
	Air fares	45,474.16	-	45,474.16
	Postage	53,974.00	-	53,974.00
	Subsistence costs	9,562.09	-	9,562.09
	Taxi fares	7,960.46	-	7,960.46
	Mobile phone usage	1,933.77	-	1,933.77
	Storage	11,833.51	4,307.00	16,140.51
	Other	23,356.68	40.00	23,396.68
	<b>Total</b>	<b>1,180,485.47</b>	<b>4,356.00</b>	<b>1,184,841.47</b>



**Phones 4 U Group Limited – in administration**  
Summary of disbursements incurred to 22 January 2022

Category	Policy	15 September 2014 to 20 July 2021 (£)	21 July 2021 to 20 January 2022 (£)	Total to 20 January 2022 (£)
2	Photocopying - at 10 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:	9,948.11	-	9,948.11
<b>Total</b>		<b>10,126.04</b>	<b>-</b>	<b>10,126.04</b>

**Phones 4u Finance Plc – in administration**  
Summary of disbursements incurred to 22 January 2022

Category	Policy	15 September 2014 to 20 July 2021 (£)	21 July 2021 to 20 January 2022 (£)	Total to 20 January 2022 (£)
2	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	13.25	-	13.25
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	85.26	-	85.26
1	All other disbursements reimbursed at cost:	-	-	-
	Stock exchange listing fees	1,757.90	-	1,757.90
	Other	1,833.10	-	1,833.10
<b>Total</b>		<b>3,689.51</b>	<b>-</b>	<b>3,689.51</b>

**MobileServ Limited – in administration**  
Summary of disbursements incurred to 22 January 2022

Category	Policy	15 September 2014 to 20 July 2021 (£)	21 July 2021 to 20 January 2022 (£)	Total to 20 January 2022 (£)
2	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	168.39	-	168.39
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
2	Specialist software usage:			
	License fees - at £100 per month for each named user accessing the online review platform and £50 per Gigabyte of data processed.	1,650.00	2,100.00	3,750.00
	Hosting - at £25 per Gigabyte of data processed per calendar month	18,668.00	18,668.00	37,336.00
	We are in the process of determining the most appropriate and cost effective method of seeking approval for these costs, which may involve seeking approval from the secured creditors in due course.			
1	All other disbursements reimbursed at cost	604.32	-	604.32
<b>Total</b>		<b>21,097.90</b>	<b>20,768.00</b>	<b>41,865.90</b>

**Phosphorus Acquisition Limited – in administration**  
Summary of disbursements incurred to 22 January 2022

Category	Policy	15 September 2014 to 20 July 2021 (£)	21 July 2021 to 20 January 2022 (£)	Total to 20 January 2022 (£)
2	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	109.95	-	109.95
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	7.19	-	7.19
1	All other disbursements reimbursed at cost	441.39	-	441.39
<b>Total</b>		<b>558.53</b>	<b>-</b>	<b>558.53</b>

**Policy Administration Services Limited – in administration**  
Summary of disbursements incurred to 22 January 2022

Category	Policy	15 September 2014 to 20 July 2021 (£)	21 July 2021 to 20 January 2022 (£)	Total to 20 January 2022 (£)
2	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	235.96	-	235.96
2	Mileage - at a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	3,118.98	-	3,118.98
1	All other disbursements reimbursed at cost:			
	Rail fares	12,658.23	-	12,658.23
	External venue costs	90.00	-	90.00
	Hotel accommodation	7,247.69	-	7,247.69
	Subsistence costs	3,577.41	-	3,577.41
	Taxi fares	2,110.13	-	2,110.13
	Car hire charges	1,485.92	-	1,485.92
	Postage	20.19	-	20.19
	Air fares	881.79	-	881.79
	Other	2,288.55	20.00	2,308.55
<b>Total</b>		<b>33,714.85</b>	<b>20.00</b>	<b>33,734.85</b>

The tables below provide details of the expenses incurred in the administrations. The tables also exclude any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The tables should be read in conjunction with the receipts and payments accounts at Appendix A, which shows expenses actually paid during the period and the total paid to date:

**Phones 4u Limited – in administration**  
From 21 July 2021 to January 2022

	Expenses incurred (£)	Expenses incurred in (£)	Total expenses to 20 (£)	Estimated future (£)	Anticipated total (£)
Agents' fees	55,798,705.12	25,000.00	55,823,705.12	-	55,823,705.12
Amounts relating to stock	556,577.00	-	556,577.00	-	556,577.00
Bank charges	24,587.98	123.00	24,710.98	9,000.00	33,710.98
Cleaning and site clearance	34,590.37	-	34,590.37	-	34,590.37
Consultancy fees	505,695.10	-	505,695.10	-	505,695.10
Dures's payments	1,131,484.96	-	1,131,484.96	-	1,131,484.96
Employee expenses	123,017.66	-	123,017.66	-	123,017.66
Gross wages, salaries and employers NIC	10,936,387.90	-	10,936,387.90	-	10,936,387.90
Insurance	407,571.04	112.00	407,683.04	672.00	408,355.04
Investigations (Legal Fees)	-	-	-	-	-
Investigations (Concurrent Administrator's fees)	-	-	-	-	-
Irrecoverable VAT	274,191.03	(0.08)	274,190.95	-	274,190.95
IT costs	2,843,238.22	-	2,843,238.22	-	2,843,238.22
Legal fees (P4U)	11,762,272.61	112,553.02	11,874,825.63	540,328.00	12,415,153.63
Legal fees (other group entities)	20,126.02	0.00	20,126.02	-	20,126.02
Lease/hire charges	3,524.80	-	3,524.80	-	3,524.80
Litigation - Litigation Legal Fees	13,256,117.02	5,855,879.13	19,111,996.15	-	19,111,996.15
Litigation - Litigation Concurrent Administrator's Fees	620,348.00	292,710.50	913,058.50	-	913,058.50
Litigation - Security for costs	14,767,390.74	723,333.44	15,490,724.18	-	15,490,724.18
Office holders' expenses	712,756.56	4,356.00	717,112.56	200,000.00	917,112.56
Office holders' expenses (PwC Legal LLP)	477,619.91	-	477,619.91	-	477,619.91
Other payroll deductions	85,565.83	-	85,565.83	-	85,565.83
Pension schemes	19,871.26	-	19,871.26	-	19,871.26
Petty cash	300.00	-	300.00	-	300.00
Pre-appointment expenses	30,255.91	-	30,255.91	-	30,255.91
Property expenses	8,261.76	-	8,261.76	-	8,261.76
Purchases	17,913.02	-	17,913.02	-	17,913.02
Rates	97,529.17	-	97,529.17	-	97,529.17
Rent	6,172,022.11	-	6,172,022.11	-	6,172,022.11
Security costs	104,451.14	-	104,451.14	496,000.00	600,451.14
Service charges	308,476.82	-	308,476.82	-	308,476.82
Statutory advertising	444.46	-	444.46	-	444.46
Storage costs	1,441,081.73	-	1,441,081.73	-	1,441,081.73
Sundry appointment related costs	32,005.75	799.33	32,805.08	14,610.00	47,415.08
Transport and carriage	354,899.40	-	354,899.40	-	354,899.40
Utilities	993,574.86	-	993,574.86	700,000.00	1,693,574.86
Contribution to expenses excluding legal fees from group companies	(7,289,818.05)	-	(7,289,818.05)	-	(7,289,818.05)
<b>Total</b>	<b>116,633,037.20</b>	<b>7,014,866.34</b>	<b>123,647,903.60</b>	<b>1,960,610.00</b>	<b>125,608,513.60</b>

**Phones 4 U Group Limited – in administration**  
From 21 July 2021 to January 2022

	Expenses incurred brought forward from 21 July 2021 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2022 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Legal fees	6,143.06	-	6,143.06	-	6,143.06
Office holders' expenses	10,126.04	-	10,126.04	1,000.00	11,126.04
<b>Total</b>	<b>16,269.10</b>	<b>-</b>	<b>16,269.10</b>	<b>1,000.00</b>	<b>17,269.10</b>

**Phones4u Finance Plc – in administration**  
From 21 July 2021 to January 2022

	Expenses incurred brought forward from 21 July 2021 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2022 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	8.60	-	8.60	-	8.60
Legal fees	6,202.30	-	6,202.30	-	6,202.30
Office holders' expenses	3,689.51	-	3,689.51	1,000.00	4,689.51
Professional fees	79,966.56	-	79,966.56	-	79,966.56
<b>Total</b>	<b>89,866.97</b>	<b>-</b>	<b>89,866.97</b>	<b>1,000.00</b>	<b>90,866.97</b>

**MobileServ Limited – in administration**  
From 21 July 2021 to January 2022

	Expenses incurred brought forward from 21 July 2021 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2022 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	61,809.60	39.00	61,848.60	100.00	61,948.60
Legal fees	127,839.23	31,662.45	159,501.68	80,000.00	239,501.68
Office holders' expenses	21,097.90	20,768.00	41,865.90	10,000.00	51,865.90
Sundry appointment related costs	1,557.00	-	1,557.00	1,000.00	2,557.00
<b>Total</b>	<b>212,303.73</b>	<b>52,469.45</b>	<b>264,773.18</b>	<b>91,100.00</b>	<b>355,873.18</b>

**Phosphorus Acquisition Limited – in administration**  
From 21 July 2021 to January 2022

	Expenses incurred brought forward from 21 July 2021 (£)	Expenses incurred in this period (£)	Total expenses to 20 January 2022 (£)	Estimated future expenses (£)	Anticipated total expenses (£)
Bank charges	21.40	-	21.40	100.00	121.40
Legal fees	7,007.79	-	7,007.79	-	7,007.79
Office holders' expenses	558.53	-	558.53	1,000.00	1,558.53
Sundry appointment related costs	434.00	-	434.00	1,000.00	1,434.00
<b>Total</b>	<b>8,021.72</b>	<b>-</b>	<b>8,021.72</b>	<b>2,100.00</b>	<b>10,121.72</b>

**Policy Administration Services Limited – in administration**  
From 21 July 2021 to January 2022

	<b>Expenses incurred brought forward from 20 July 21</b>	<b>Expenses incurred in this period</b>	<b>Total expenses to 20 January 2022</b>	<b>Estimated future expenses</b>	<b>Estimated total expenses</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Agents' fees	31,415,127.33	830,585.52	32,245,712.85	2,720,944.29	34,966,657
Bank charges	441,149.55	23,486.11	464,635.66	27,831.62	492,467
Duress payments	931,978.33	-	931,978.33	-	931,978
Insurance	72,019,098.40	1,861,751.12	73,880,849.52	3,361,294.73	77,242,144
IT costs	546,241.61	21,974.42	568,216.03	21,524.20	589,740
Legal fees	1,370,013.23	21,121.85	1,391,135.08	432,144.42	1,823,280
Office costs	413,132.00	-	413,132.00	-	413,132
Office holders' expenses	33,714.85	20.00	33,734.85	11,021.17	44,756
Property	18,612.88	-	18,612.88	-	18,613
Stock purchase	24,316,272.41	367,642.77	24,683,915.18	809,655.77	25,493,571
Trade creditors	102,640.77	-	102,640.77	-	102,641
Warehouse costs	357,826.00	-	357,826.00	-	357,826
Wages and salaries	832,199.41	-	832,199.41	-	832,199
<b>Total</b>	<b>132,798,006.77</b>	<b>3,126,581.79</b>	<b>135,924,588.56</b>	<b>7,384,416.19</b>	<b>143,309,004.76</b>

# Appendix C: Remuneration update

## Office holders' charging policy

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

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

## PwC's time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

Grade	From 1 July 2021 (£)
Partner	980
Director	865
Senior Manager	685
Manager	595
Senior Associate	480
Associate	350
Support Staff	160
Offshore professionals	280

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour:

Grade	From 1 July 2021 (£)
Partner	1,680

<b>Director</b>	1,540
<b>Senior Manager</b>	1,425
<b>Manager</b>	860
<b>Senior Associate</b>	640
<b>Associate</b>	345
<b>Support Staff</b>	190
<b>Offshore professionals</b>	190

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

## Analysis of our time costs

Our fees were approved on a time costs by the secured and preferential creditors. To 30 June 2021, we have drawn fees of £30,475,028.96 in line with the approval given, as shown on the enclosed receipts and payments accounts. Please see the below for the split of fees drawn by entity:

- Phones 4u Limited - time cost basis: £22,301,962.78 (of which £433,305.50 relates to Litigation)
- Phones 4u Limited - prescribed part: £125,000.00
- MobileServ Limited - time cost basis: £276,044.85
- MobileServ Limited - prescribed part: £30,000.00
- Phosphorus Acquisition Limited: £96,445.30
- Policy Administration Services Limited: £7,645,576.03

The time cost charges incurred in the period covered by this report are shown in the tables below. These amounts do not necessarily reflect how much we will eventually draw as fees for this period.

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

*Phones 4U Limited – in administration*  
Analysis of PwC time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost	Average hourly rate
									£	£
Strategy & Planning	-	-	6.95	9.30	6.70	18.00	-	40.95	18,489.00	451.50
Sale of business	-	-	-	-	-	-	-	-	-	-
Book debt realisations	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	0.70	-	-	0.70	336.00	480.00
Other assets	4.20	-	1.60	7.10	6.25	4.80	-	23.95	13,263.50	553.80
MNO Receivables	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Litigation	6.80	22.00	18.00	-	-	-	-	46.80	37,779.00	807.24
Retention of title	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-
Accounting and treasury	-	-	7.00	52.55	127.30	16.95	-	203.80	101,912.25	500.06
Statutory and compliance	0.20	-	6.15	27.25	24.50	5.05	-	63.15	33,796.50	535.18
Employees & pensions	-	-	0.15	-	0.60	-	-	0.75	427.50	570.00
Creditors	-	-	0.40	2.60	0.20	0.40	-	3.60	2,029.00	563.61
Creditors committee	-	-	-	-	-	-	-	-	-	-
Tax	3.75	-	6.70	-	21.05	5.00	2.00	38.50	28,714.50	745.83
VAT	-	-	5.00	11.30	21.45	-	-	37.75	26,247.25	695.29
Books and records	-	-	-	-	-	-	-	-	-	-
Closure procedures	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14.95</b>	<b>22.00</b>	<b>51.95</b>	<b>110.10</b>	<b>208.75</b>	<b>50.20</b>	<b>2.00</b>	<b>459.95</b>	<b>262,994.50</b>	<b>571.79</b>

*Phones 4U Limited – in administration*  
Aggregate PwC time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	4,007.88	2,148,282.45	536.01	551	270,000.00	2,418,282.45	530.43
Sale of business	944.15	509,277.50	539.40	-	-	509,277.50	539.40
Book debt realisations	378.13	176,798.95	467.56	-	-	176,798.95	467.56
Property	2,741.15	1,151,199.75	419.97	3	1,050.00	1,152,249.75	419.84
Other assets	2,557.73	1,181,946.35	462.11	268	100,000.00	1,281,946.35	453.67
MNO Receivables	3,663.04	1,739,407.35	474.85	Note 1	Note 1	Note 1	Note 1
Investigations	2,612.53	1,166,030.05	446.32	Note 1	Note 1	Note 1	Note 1
Litigation	1,297.75	645,471.75	497.38	Note 1	Note 1	Note 1	Note 1
Retention of title	1,015.25	424,411.25	418.04	-	-	424,411.25	418.04
Trading	2,210.74	947,358.30	428.53	-	-	947,358.30	428.53
Accounting and treasury	3,998.48	1,524,966.55	381.39	428	140,000.00	1,664,966.55	376.14
Statutory and compliance	3,871.69	1,622,410.90	419.04	424	155,000.00	1,777,410.90	413.72
Employees & pensions	4,645.49	1,477,007.70	317.94	-	-	1,477,007.70	317.94
Investigations	-	-	-	-	-	-	-
Creditors	7,329.80	3,121,245.15	425.83	16	6,000.00	3,127,245.15	425.69
Creditors committee	326.85	168,359.50	515.10	-	-	168,359.50	515.10
Tax	2,769.38	1,501,009.75	542.00	186	100,000.00	1,601,009.75	541.72
VAT	4,664.48	3,389,805.10	726.73	139	100,000.00	3,489,805.10	726.48
Books and records	992.00	278,056.30	280.30	93	25,000.00	303,056.30	279.33
Closure procedures	7.30	2,597.25	355.79	536	150,000.00	152,597.25	280.81
<b>Total</b>	<b>50,033.82</b>	<b>23,175,641.90</b>	<b>463.20</b>	<b>2,645.64</b>	<b>1,047,050.00</b>	<b>24,222,691.90</b>	<b>459.81</b>

**Note 1**

Costs relating to the MNO receivables, Investigations and Litigation work streams have been excluded from the forecast.

**Note 2**

Please be advised that our estimated future costs are to 31 March 2023, the current expiry date of the administrations, but we expect the administration to run beyond this date.



*Phones 4U Limited – in administration*

Concurrent Administrator time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Litigation	42.60	262.90	-	-	-	-	-	305.50	269,156.50	881.04
Statutory and compliance	2.50	13.00	-	-	-	-	-	15.50	13,603.00	877.61
Other assets	0.20	-	-	-	-	-	-	0.20	196.00	980.00
Creditors	6.60	3.80	-	-	-	-	-	10.40	9,755.00	937.98
<b>Total</b>	<b>51.90</b>	<b>279.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331.60</b>	<b>292,710.50</b>	<b>882.72</b>

*Phones 4U Limited – in administration*

Concurrent Administrator aggregate time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated total cost £	Average hourly rate £
Litigation	743.50	652,219.00	877.23	Note 1	Note 1	877.23
Statutory and compliance	43.30	38,354.50	885.79	Note 1	Note 1	885.79
Other assets	0.60	546.00	910.00	Note 1	Note 1	910.00
Creditors	74.20	67,428.00	908.73	Note 1	Note 1	908.73
<b>Total</b>	<b>861.60</b>	<b>758,547.50</b>	<b>880.39</b>			<b>880.39</b>

**Note 1**

Costs relating to the MNO receivables, Investigations and Litigation work streams have been excluded from the forecast.

*Phones 4 U Group Limited – in administration*

Analysis of time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	-	-	-	0.30	-	-	0.30	144.00	480.00
Sale of business	-	-	-	-	-	-	-	-	-	-
Book debt realisations	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	0.80	-	-	-	-	0.80	548.00	685.00
Retention of title	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-
Accounting and treasury	-	-	-	0.25	2.70	-	-	2.95	1,444.75	489.75
Statutory and compliance	-	-	-	0.80	8.95	-	-	9.75	4,772.00	489.44
Employees & pensions	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Creditors	-	-	-	-	-	-	-	-	-	-
Creditors committee	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	1.60	-	-	1.60	1,008.00	630.00
VAT	-	-	-	-	0.30	-	-	0.30	144.00	480.00
Books and records	-	-	-	-	-	-	-	-	-	-
Closure procedures	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.80</b>	<b>1.05</b>	<b>13.85</b>	<b>-</b>	<b>-</b>	<b>15.70</b>	<b>8,060.75</b>	<b>513.42</b>

*Phones 4 U Group Limited – in administration*  
Aggregate time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	49.94	34,797.57	697.00	14.95	5,520.00	40,317.57	621.32
Sale of business	2.65	1,256.00	473.96	-	-	1,256.00	473.96
Book debt realisations	4.70	4,277.00	910.00	-	-	4,277.00	910.00
Property	3.00	1,653.50	551.17	-	-	1,653.50	551.17
Other assets	6.45	5,532.00	857.67	-	-	5,532.00	857.67
Retention of title	-	-	-	-	-	-	-
Investigations	0.10	91.00	910.00	-	-	91.00	910.00
MNO Receivables	-	-	-	-	-	-	-
Trading	18.95	8,198.75	432.65	-	-	8,198.75	432.65
Accounting and treasury	32.00	12,980.80	405.65	7.36	2,428.80	15,409.60	391.50
Statutory and compliance	188.41	73,349.15	389.31	34.73	11,150.40	84,499.55	378.68
Employees & pensions	1.40	550.00	392.86	-	-	550.00	392.86
Creditors	16.95	6,612.20	390.10	-	-	6,612.20	390.10
Creditors committee	0.10	29.00	290.00	-	-	29.00	290.00
Tax	45.25	23,888.00	527.91	6.90	3,312.00	27,200.00	521.57
VAT	14.00	5,476.60	391.19	6.90	3,312.00	8,788.60	420.51
Books and records	3.85	1,472.90	382.57	-	-	1,472.90	382.57
Closure procedures	2.30	1,150.50	500.22	10.00	5,000.00	6,150.50	500.04
<b>Total</b>	<b>390.05</b>	<b>181,314.97</b>	<b>464.85</b>	<b>80.84</b>	<b>30,723.20</b>	<b>212,038.17</b>	<b>450.29</b>

*Phones 4u Finance Plc – in administration*  
Analysis of time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment								Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support			
Strategy & Planning	-	-	-	-	0.30	-	-	0.30	144.00	480.00
Sale of business	-	-	-	-	-	-	-	-	-	-
Book debt realisations	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Retention of title	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-
Accounting and treasury	-	-	-	0.25	0.15	-	-	0.40	220.75	551.88
Statutory and compliance	-	-	-	1.00	9.75	-	-	10.75	5,275.00	490.70
Employees & pensions	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Creditors	-	-	-	-	-	-	-	-	-	-
Creditors committee	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	1.60	-	-	1.60	1,008.00	630.00
VAT	-	-	-	-	0.30	-	-	0.30	144.00	480.00
<b>Total</b>	-	-	-	1.25	12.10	-	-	13.35	6,791.75	508.75

*Phones 4u Finance Plc – in administration*  
Aggregate time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	24.05	10,961.75	455.79	14.95	5,520.00	16,481.75	422.61
Sale of business	3.40	454.75	133.75	-	-	454.75	133.75
Property	0.10	46.00	460.00	-	-	46.00	460.00
Other assets	0.65	324.50	499.23	-	-	324.50	499.23
Trading	4.85	1,860.25	383.56	-	-	1,860.25	383.56
Accounting and treasury	31.00	11,348.15	366.07	7.36	2,428.80	13,776.95	359.15
Statutory and compliance	186.52	69,967.60	375.12	34.73	11,150.40	81,118.00	366.64
Employees & pensions	10.40	2,615.00	251.44	-	-	2,615.00	251.44
Investigations	6.05	1,948.75	322.11	-	-	1,948.75	322.11
Creditors	26.75	10,221.40	382.11	-	-	10,221.40	382.11
Creditors committee	0.20	58.00	290.00	-	-	58.00	290.00
Tax	15.15	5,618.15	370.83	6.90	3,312.00	8,930.15	405.00
VAT	19.20	6,192.85	322.54	6.90	3,312.00	9,504.85	364.17
Books and records	0.45	165.50	367.78	-	-	165.50	367.78
Closure procedures	0.10	52.50	525.00	10.00	5,000.00	5,052.50	500.25
<b>Total</b>	<b>328.87</b>	<b>121,835.15</b>	<b>370.47</b>	<b>80.84</b>	<b>30,723.20</b>	<b>152,558.35</b>	<b>372.36</b>

*MobileServ Limited – in administration*  
Analysis of time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	-	-	-	3.30	(11.40)	-	(8.10)	(1,152.00)	142.22
Sale of business	-	-	-	-	-	-	-	-	-	-
Book debt realisations	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-	-	-
Other assets	6.70	-	7.70	-	0.05	(11.35)	-	3.10	9,115.00	2,940.32
Retention of title	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	0.10	-	-	0.10	48.00	480.00
Accounting and treasury	-	-	-	1.20	2.25	5.40	-	8.85	3,306.00	373.56
Statutory and compliance	-	-	0.35	1.00	9.00	0.70	-	11.05	5,350.75	484.23
Employees & pensions	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Creditors	-	-	-	0.10	-	-	-	0.10	59.50	595.00
Creditors committee	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	2.20	-	-	2.20	1,392.00	632.73
VAT	-	-	-	-	1.90	-	-	1.90	912.00	480.00
Books and records	-	-	-	-	-	-	-	-	-	-
Closure procedures	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6.70</b>	<b>-</b>	<b>8.05</b>	<b>2.30</b>	<b>18.80</b>	<b>(16.65)</b>	<b>-</b>	<b>19.20</b>	<b>19,031.25</b>	<b>991.21</b>

**Note 1** - following a review of our time costs, we identified some time that had inadvertently been duplicated in the prior period. This has been adjusted in this period, explaining the negative hours.

*MobileServ Limited – in administration*  
Aggregate time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	146.80	44,750.80	304.84	14.95	5,520.00	50,270.80	310.79
Sale of business	0.15	81.00	540.00	-	-	81.00	540.00
Book debt realisations	34.30	19,170.50	558.91	-	-	19,170.50	558.91
Property	0.10	46.00	460.00	-	-	46.00	460.00
Other assets	114.50	59,366.90	518.49	20.00	25,000.00	84,366.90	627.26
MNO Receivables	0.75	405.00	540.00	-	-	405.00	540.00
Investigations	6.50	2,155.50	331.62	-	-	2,155.50	331.62
Trading	1.60	973.50	608.44	-	-	973.50	608.44
Accounting and treasury	96.55	37,228.85	385.59	7.36	2,428.80	39,657.65	381.65
Statutory and compliance	206.90	77,152.95	372.90	34.73	11,150.40	88,303.35	365.45
Employees & pensions	0.20	59.00	295.00	-	-	59.00	295.00
Creditors	62.54	27,075.02	432.92	-	-	27,075.02	432.92
Creditors committee	0.40	116.00	290.00	-	-	116.00	290.00
Tax	82.65	39,877.95	482.49	6.90	3,312.00	43,189.95	482.30
VAT	4.50	1,789.35	397.63	6.90	3,312.00	5,101.35	447.49
Books and records	5.35	1,912.00	357.38	-	-	1,912.00	357.38
Closure procedures	0.25	131.25	525.00	10.00	5,000.00	5,131.25	500.61
<b>Total</b>	<b>764.04</b>	<b>312,291.57</b>	<b>408.74</b>	<b>100.84</b>	<b>55,723.20</b>	<b>368,014.77</b>	<b>425.51</b>

*Policy Administration Services Limited – in administration*  
Analysis of time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment								Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support			
Strategy & Planning	-	4.00	-	0.20	6.80	-	-	11.00	6,843.00	622.09
Sale of business	-	-	-	-	-	-	-	-	-	-
Book debt realisations	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Retention of title	-	-	-	-	-	-	-	-	-	-
Trading	0.70	19.70	-	369.00	59.10	2.60	-	451.10	266,377.50	590.51
Accounting and treasury	-	-	4.75	18.15	36.35	25.70	-	84.95	38,697.00	455.53
Statutory and compliance	0.50	-	0.35	26.80	16.00	0.60	-	44.25	24,523.75	554.21
Employees & pensions	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Creditors	-	1.50	-	0.10	-	-	-	1.60	1,357.00	848.13
Creditors committee	-	-	-	-	-	-	-	-	-	-
Tax	3.60	-	11.25	10.25	17.95	-	-	43.05	36,050.75	837.42
VAT	-	-	2.60	0.25	0.70	-	-	3.55	4,306.00	1,212.96
Books and records	-	-	-	-	-	-	-	-	-	-
Closure procedures	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4.80</b>	<b>25.20</b>	<b>18.95</b>	<b>424.75</b>	<b>136.90</b>	<b>28.90</b>	<b>-</b>	<b>639.50</b>	<b>378,155.00</b>	<b>591.33</b>

*Policy Administration Services Limited – in administration*  
Aggregate time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	895	366,254	409	561	277,591	643,845	442
Sale of business	111	51,531	466	-	-	51,531	466
Book debt realisations	20	14,803	748	-	-	14,803	748
Property	14	7,579	551	-	-	7,579	551
Other assets	660	284,316	431	585	276,880	561,196	451
Trading	11,203	5,297,989	473	1,231	575,110	5,873,099	472
Accounting and treasury	1,337	478,310	358	788	421,169	899,479	423
Statutory and compliance	1,881	782,865	416	361	222,847	1,005,712	449
Employees & pensions	205	87,078	425	-	-	87,078	425
Investigations	9	3,239	352	-	-	3,239	352
Creditors	371	156,257	421	217	104,931	261,188	444
Creditors committee	49	21,725	439	79	37,761	59,486	463
Tax	555	296,770	534	111	48,089	344,859	517
VAT	218	182,467	836	196	73,203	255,670	617
Books and records	72	28,507	393	-	-	28,507	393
Closure procedures	73	40,792	558	259	147,885	188,677	568
<b>Total</b>	<b>17,674</b>	<b>8,100,481</b>	<b>458</b>	<b>4,388</b>	<b>2,185,466</b>	<b>10,285,947</b>	<b>466</b>

*Phosphorus Acquisition Limited – in administration*  
Analysis of time costs for the period 21 July 2021 to 20 January 2022

Aspect of assignment								Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support			
Strategy & Planning	-	-	-	-	1.60	-	-	1.60	768.00	480.00
Sale of business	-	-	-	-	-	-	-	-	-	-
Book debt realisations	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Retention of title	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-
Accounting and treasury	-	-	-	0.40	0.35	-	-	0.75	406.00	541.33
Statutory and compliance	-	-	0.45	1.00	8.85	-	-	10.30	5,151.25	500.12
Employees & pensions	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Creditors	-	-	-	-	-	-	-	-	-	-
Creditors committee	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	1.50	-	-	1.50	944.00	629.33
VAT	-	-	-	-	0.90	-	-	0.90	432.00	480.00
<b>Total</b>	-	-	0.45	1.40	13.20	-	-	15.05	7,701.25	511.71

*Phosphorus Acquisition Limited – in administration*  
Aggregate time cost summary to 20 January 2022

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Estimated future hours	Estimated future costs £	Estimated total cost £	Average hourly rate £
Strategy & Planning	24.30	10,163.90	418.27	14.95	5,520.00	15,683.90	399.59
Sale of business	0.15	81.00	540.00	-	-	81.00	540.00
Property	0.10	46.00	460.00	-	-	46.00	460.00
Other assets	2.40	1,091.25	454.69	-	-	1,091.25	454.69
Trading	5.85	2,171.25	371.15	-	-	2,171.25	371.15
Accounting and treasury	30.90	10,336.40	334.51	7.36	2,428.80	12,765.20	333.64
Statutory and compliance	179.56	66,604.85	370.93	34.73	11,150.40	77,755.25	362.85
Employees & pensions	-	-	-	-	-	-	-
Investigations	5.70	1,848.50	324.30	-	-	1,848.50	324.30
Creditors	8.10	2,953.90	364.68	-	-	2,953.90	364.68
Creditors committee	0.20	58.00	290.00	-	-	58.00	290.00
Tax	22.80	7,665.10	336.19	6.90	3,312.00	10,977.10	369.60
VAT	3.40	1,246.75	366.69	6.90	3,312.00	4,558.75	442.60
Books and records	0.45	165.50	367.78	-	-	165.50	367.78
Closure procedures	0.30	146.50	488.33	10.00	5,000.00	5,146.50	499.66
<b>Total</b>	<b>284.21</b>	<b>104,578.90</b>	<b>367.96</b>	<b>80.84</b>	<b>30,723.20</b>	<b>135,302.10</b>	<b>370.64</b>

## Our work in the period

Earlier in this section we included tables showing our time costs from 21 July 2021 to 20 January 2022 by grade of staff and area of work for the period covered by this progress report. The following table provides further narrative on the key areas of work during the period.

Area of work	Work undertaken during the period and why this work was necessary	What financial benefit the work provided to creditors or whether it was required by statute
Strategy & planning	<ul style="list-style-type: none"> <li>Oversight of case progression and strategic decisions by appointment takers and other project management;</li> <li>Budgeting and cost analysis;</li> <li>Liaising with key stakeholder groups;</li> <li>Preparing various forecasts, including but not limited to; cash flows and outcome statements; and</li> <li>Liaison with legal and other advisors regarding ongoing matters in the administrations.</li> </ul> <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> <li>Ongoing planning for the closure of the PAS scheme.</li> <li>Strategy and planning in regards to potential extension of the administration.</li> </ul> <p>This work was necessary for planning and project managing the many different workstreams.</p>	Assisted in the efficient, structured and timely management of the administrations, leading to a faster completion and return to creditors.

Trading	<p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> <li>• Monitoring the trading activities of the insurance business and performance of LSG including the operations of the customer call centre and claims handling processes;</li> <li>• Reviewing data, analytics and all management information;</li> <li>• Attending monthly board meetings with the LSG PAS team to discuss the strategy and progress of the scheme;</li> <li>• Monthly operational meetings with LSG to discuss performance;</li> <li>• Reviewing service level agreements and qualitative metrics used to measure LSG's performance;</li> <li>• Reviewing claims referred to the FOS and identifying root causes.</li> </ul> <p>This work is necessary for the ongoing successful and profitable trading of the PAS business, enabling us to monitor the activity of the PAS scheme and to determine its levels of profitability for forecasting and cost monitoring purposes. The work ensures that customers are treated fairly, and PAS complies with regulatory requirements.</p>	Maintaining profitability of the PAS business for the benefit of creditors.
Litigation (Phones 4u Limited only)	<p><i>Concurrent Administrator</i></p> <ul style="list-style-type: none"> <li>• Oversight of Litigation including liaising with QE, Counsel and other advisors regarding strategy, project management, review of Defendants' witness statements and inter-partes correspondence;</li> <li>• Liaison with DT Economics, QE and Counsel regarding the Economics Expert report, including review and comments thereon;</li> <li>• Preparation for and attendance at relevant Court hearings, including instruction of Counsel and QE.</li> </ul> <p><i>Joint Administrators</i></p> <ul style="list-style-type: none"> <li>• Responding to requests under the Disclosure Order; and</li> <li>• Management of the significant cash reserves to fund Litigation.</li> </ul> <p>Due to the potentially material and commercially sensitive nature of these investigations, it is not appropriate to disclose any further information.</p>	Potential additional recoveries and response to requests mandated by the Court
Property	<ul style="list-style-type: none"> <li>• Liaising with our solicitors with regard to surrender of leases.</li> </ul> <p>This work was necessary to negotiate with landlords and liaise with agents in order to reduce P4U's liabilities in respect of its property portfolio and utility costs.</p>	Mitigates claims against the administrations.
Other matters	<ul style="list-style-type: none"> <li>• Liaising with our insurers for the purpose of maintaining adequate insurance cover for assets and risks in the post-appointment period.</li> </ul> <p>This work was necessary to ensure appropriate insurance of assets and to ensure that assets are properly dealt with.</p> <p><i>(Policy Administration Services Limited only)</i></p>	Mitigation of the risk of claims against the administration and loss of assets.
	<ul style="list-style-type: none"> <li>• Attending board meetings with P4UC to oversee the running of the subsidiary.</li> </ul>	Enhanced asset realisations because profits from the PAS business accumulate in

	<p>This work was necessary to ensure that the captive is managed in accordance with the management agreement, thereby ensuring dividend payments to PAS are maximised.</p>	<p>P4UC and are paid to PAS by way of a dividend on a quarterly basis.</p>
Creditors & Committee	<ul style="list-style-type: none"> <li>• Planning and preparation of financial and operational information for creditors;</li> <li>• Preparing for and following up on Noteholder meetings; and</li> <li>• Maintaining information on our dedicated website.</li> </ul> <p><i>(Policy Administration Services Limited only)</i></p> <ul style="list-style-type: none"> <li>• Maintaining the creditor helpline and mailbox in respect of creditor claims.</li> </ul> <p>This work was necessary to determine the value of creditor claims so that a distribution strategy may be determined, and dividend payments made to creditors.</p>	<p>Provides information necessary to creditors (who have an economic interest in the outcome of the administration), both collectively and individually.</p> <p>Enables the distribution of the prescribed part dividends.</p>
VAT	<ul style="list-style-type: none"> <li>• Preparing and submitting quarterly VAT returns to HMRC;</li> <li>• Regular detailed reconciliations of transactions for VAT purposes; and</li> <li>• Liaising with HMRC.</li> </ul> <p>This work was necessary to comply with our legal obligation to submit tax returns, to reach certainty on the post-administration tax position.</p>	<p>Statutory and regulatory responsibilities.</p>
Tax	<ul style="list-style-type: none"> <li>• Preparation of quarterly instalment payment calculations with respect to the FY21 period, including analysis with respect to the actual and estimated receipt and payment information for the period; and</li> <li>• Ad hoc tax compliance matters e.g. liaising with HMRC on general issues.</li> </ul> <p><i>(Policy Administration Services only)</i></p> <ul style="list-style-type: none"> <li>• Filing tax returns and making quarterly payments on account.</li> <li>• Calculating and paying income tax due on interest payments on customer refunds.</li> <li>• Considering the tax efficiency of the PAS scheme.</li> </ul> <p>This work was necessary to comply with our legal obligation to submit tax returns, to reach certainty on the post-administration tax position and to enable agreement of HMRC's unsecured claim.</p>	<p>Statutory and regulatory responsibilities.</p>



Accounting and treasury	<ul style="list-style-type: none"> <li>• Dealing with general accounting and treasury functions, including payments, receipts and journal postings; and</li> <li>• Actively managing cash holdings, including regular money market investments to increase returns whilst ensuring credit risk is appropriately managed.</li> </ul> <p><i>(Policy Administration Services only)</i></p> <ul style="list-style-type: none"> <li>• Collecting premiums and making refunds to customers and reconciliations to bank balance and cash flow.</li> <li>• Transferring premiums to insurer account, including reconciliation and sign off from appointees.</li> <li>• Liaising with Lloyds Bank regarding efficient and cost-effective transfer of premiums.</li> <li>• Operating finance functions, including bank account transfers and payment requisitions.</li> <li>• Managing funds held in order to maximise interest returns.</li> </ul> <p>This work was necessary for preparing and authorising receipt and payment vouchers and carrying out bank reconciliations. For PAS, it ensures the correct allocation and accounting for premiums and refunds.</p>	<p>Ensured funds are managed securely and that such funds are generating returns.</p> <p>Complying with statutory and regulatory duties regarding the holding and accounting for funds.</p>
Statutory and compliance	<ul style="list-style-type: none"> <li>• Preparing and issuing our latest progress report to creditors;</li> <li>• Planning for statutory deadlines and collation of requisite information;</li> <li>• Maintaining cash records and filings;</li> <li>• Dealing with inbound post and other correspondence; and</li> <li>• Completing case management tasks on the case database.</li> </ul> <p>This work was necessary to satisfy statutory and regulatory responsibilities.</p>	Statutory and regulatory responsibilities.
Books and records	<ul style="list-style-type: none"> <li>• Liaising with third party storage providers in relation to company books and records that we have a legal obligation to maintain.</li> </ul> <p>This work was necessary to ensure the proper stewardship of company books and records.</p>	Statutory and regulatory responsibilities.

## Our future work

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

The figures stated below are the totals of the estimated future costs for each entity as detailed in the tables on page 32.

Area of work	Work we need to do	Estimated cost to 20 March 2023 (£m)**	Whether or not the work will provide a financial benefit to creditors
Strategy & planning	<ul style="list-style-type: none"> <li>Ongoing preparation of estimated outcome statements, budgets, forecasts and other financial reporting tools;</li> <li>In depth consideration of strategic approach in dealing with complex and interrelated work streams;</li> <li>Strategy meetings, decisions and project management by the appointment takers;</li> <li>Liaising with external advisors in relation to complex work streams within the administration; and</li> <li>Progressing ongoing matters within the administrations.</li> </ul> <p><i>(Policy Administration Services only)</i></p> <ul style="list-style-type: none"> <li>Consideration of strategic approach in planning for a smooth exit of the business once it is no longer viable for PAS to continue trading</li> </ul>	0.57	Assist in the timely, structured and efficient completion of the administration and return to creditors.
Trading	<p><i>(Policy Administration Services only)</i></p> <ul style="list-style-type: none"> <li>Actively monitoring the insurance business, its activities and those of LSG including operation of the customer call centre and claims processes;</li> <li>Determining how best to promote the longevity of the scheme;</li> <li>Ongoing monitoring of the profit and loss and balance sheet, comparing forecast and actuals; and</li> <li>Managing and updating communications to all policyholders.</li> </ul>	0.58	Maintaining profitability of the PAS business for the benefit of creditors.
Assets (including Litigation and other assets)*	<ul style="list-style-type: none"> <li>Liaising with QE, Counsel and other advisors regarding the Litigation;</li> <li>Active management of cash holdings, including placing regular money market investments to increase returns;</li> <li>Collection of outstanding debtors due.</li> </ul> <p><i>(Policy Administration Services only)</i></p> <ul style="list-style-type: none"> <li>Continue to monitor the performance and governance of P4UC; and</li> <li>Ensure P4UC has appropriate closure plans.</li> </ul>	0.40	Potential additional recoveries and response to requests mandated by the Court
Property	<ul style="list-style-type: none"> <li>Manage and reduce any liabilities we have with respect to the property portfolio including ongoing leases and utility payments.</li> </ul>	0.00	Mitigate claims against the administrations.
Creditors and Committee	<ul style="list-style-type: none"> <li>Arranging, preparing for and attending meetings of the Committee;</li> <li>Respond to creditor queries; and</li> <li>When appropriate, declare and pay future interim and final distributions to secured creditors.</li> </ul>	0.15	Direct benefit to creditors through payment of distributions and provision of information.

VAT liabilities	<ul style="list-style-type: none"> <li>• Ongoing drafting and submission of quarterly VAT returns;</li> <li>• Finalise VAT matters and obtain clearance from HMRC;</li> <li>• Reconciliation of the companies' VAT position on a regular basis to ensure transactions are correctly accounted for; and</li> <li>• Liaison with HMRC as required.</li> </ul>	0.20	Statutory and regulatory requirements.
Tax	<ul style="list-style-type: none"> <li>• Drafting and submission of corporation tax returns;</li> <li>• Making payment to HMRC where applicable for corporation tax;</li> <li>• Ongoing liaison with HMRC; and</li> <li>• Finalise tax matters and obtain clearance from HMRC.</li> </ul> <p><i>(Policy Administration Services only)</i></p> <ul style="list-style-type: none"> <li>• Filing tax returns and making quarterly payments on account; and</li> <li>• Calculating and paying income tax on interest payments on customer funds.</li> <li>• Considering the tax implications of closure of the PAS estate when exiting the scheme.</li> </ul>	0.18	Statutory and regulatory requirements and enables reaching certainty on the post-administration tax position.
Accounting and treasury	<ul style="list-style-type: none"> <li>• Arranging payment of expenses of the administration when they fall due;</li> <li>• Dealing with receipts and journals to maintain accurate accounting records;</li> <li>• Actively monitoring and dealing with funds invested on the money markets;</li> <li>• Carrying out periodic bank reconciliations; and</li> <li>• Corresponding with the bank regarding specific transfers.</li> </ul>	0.58	Ensure proper stewardship of the funds held. Management of the funds will generate greater recoveries for creditors.
Statutory & compliance	<ul style="list-style-type: none"> <li>• Drafting and circulating six monthly progress reports to unsecured creditors;</li> <li>• Ongoing compliance with regulatory requirements;</li> <li>• Maintaining case files; and</li> <li>• Dealing with inbound correspondence and queries.</li> </ul>	0.45	Statutory and regulatory requirements.
Closure	<ul style="list-style-type: none"> <li>• Dealing with closure formalities;</li> <li>• Obtaining tax and VAT clearances from HMRC;</li> <li>• Obtaining clearances from external third parties with regard to commitments made during the administrations; and</li> <li>• Closing down internal systems.</li> </ul>	0.32	Ensure that the Companies' affairs are wound down in an orderly manner.

*\*Costs relating to the Litigation workstream have been excluded from the forecast.*

*\*\*Please be advised that our estimated future costs are to 31 March 2023, the current expiry date of the administrations, but we expect the administration to run beyond this date.*

## 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 £270m for the benefit of all classes of creditors. The estimated recovery for the Noteholders (who are expected to have the primary economic interest in the progress of the Companies' administrations) is uncertain as it depends on the outcome, timing and costs of the Litigation.

We explained in Section 4 of this report that a considerable amount of work is still required before these administrations can be concluded. We expect that this work is in the best interests of creditors.

Our analysis of our time costs referred to above 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.

## Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

## Business relationships

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

## Details of subcontracted work

We have not used any subcontractors on these cases in the period of this report.

## Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Insurance broker	Marsh Limited	Industry knowledge	Insurance policy cost
Legal services and advice	Allen & Overy LLP	Industry knowledge / Insolvency experience	Time and expenses
Litigation services	Economic advisor (Confidential)	Industry knowledge	Time and expenses
Litigation services	Alvarez & Marsal	Specialist expertise	Time and expenses
Litigation services	Quinn Emmanuel Urquhart & Sullivan LLP	Litigation experience	Time and expenses
Property legal services	DLA Piper LLP	Industry knowledge / Insolvency experience	Time and expenses
Storage of books and records	Iron Mountain UK Limited	Expertise / insolvency experience	Fee per box of books and records held
Trademark renewal assistance	Barker Brettell LLP	Industry knowledge	Fixed fee per trademark renewal

We require all third party professionals to submit time costs analyses and narrative / a schedule of realisations achieved in support of invoices rendered. We receive detailed time breakdowns and narratives in order to review professional firms' costs prior to payment. Our review involves the following steps:

- Did the administrators issue the instructions listed in the invoice?
- Was the work performed as instructed?
- Was the work undertaken in line with the administrators' expectations, in respect of quality and the amount of time taken?
- Are the rates which have been applied reasonable?
- Overall, were the fees charged satisfactory and reasonable relative to the work performed?

# Appendix D: Statutory and other information relating to the administrations

	Phones 4u Limited	Phones 4 U Group Limited	Phones 4U Finance Plc	MobileServ Limited	Phosphorus Acquisition	Policy Administration Services Limited	
<b>Trading name:</b>	Phones4U, Dialaphone						
<b>Court details:</b>	High Court of Justice, Chancery Division, Companies Court						
<b>Court reference:</b>	6516 of 2014	6507 of 2014	6506 of 2014	6511 of 2014	6508 of 2014	6504 of 2014	
<b>Registered number:</b>	03154198	04943837	07552754	05863265	07405102	03907386	
<b>Registered address:</b>	Central Square, 8th Floor, 29 Wellington Street, Leeds, LS1 4DL						
<b>Date of the joint administrators' appointment:</b>	15 September 2014 23 November 2018 (Paul David Copley as Concurrent Administrator)	15 September 2014				16 September 2014	
<b>Joint administrators' names, addresses and contact details:</b>	David James Kelly of PwC, 7 More London, Riverside, London, SE1 2RT Robert John Moran of PwC, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT Paul David Copley of Aldan Management Limited, 42 Brook Street, London, W1K 5DB (Phones 4U Limited only) Contact: <a href="mailto:matthew.j.duckworth@pwc.com">matthew.j.duckworth@pwc.com</a> for P4u					Douglas Nigel Rackham and David James Kelly ( <i>both of the London address shown on the left</i> ) Contact: <a href="mailto:rajan.kalsi@pwc.com">rajan.kalsi@pwc.com</a> for PAS	
<b>Extension(s) to the initial period of appointment</b>	Extensions granted by the Court to 15 September 2017 and 15 March 2020 A further extension has been granted by the Court to 15 March 2023						
<b>Objective being pursued:</b>	Objective (b) - 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 failing that, objective (c) - realising property in order to make a distribution to one or more secured or preferential creditors. Objective (c) would only likely be applicable to the non-trading companies.						
<b>Appointor's name and address:</b>	Court order following an application by the directors of each company, based at Osprey House, Ore Close, Lymedale Business Park, Newcastle-under-Lyme, Staffordshire, ST5 9QD.  <i>Court order following an application dated 2 November 2018 by Ian David Green, David John Kelly and Robert John Moran, then joint administrators of Phones 4u Limited, based at 7 More London Riverside, London, SE1 2RT (in the case of Mr Green and Mr Kelly) and Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT (in the case of Mr Moran)</i>						
<b>Split of the Administrators' responsibilities:</b>	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 Concurrent Administrator is responsible for investigating the facts and circumstances leading up to the administration of P4U in order to consider whether such facts and circumstances involve any wrongful conduct and/or breach of competition law by third parties, such as to give rise to any claims or causes of action by P4u against such third parties. The Concurrent Administrator is also responsible for issuing and prosecuting these claims. The Concurrent Administrator has all powers of an administrator under general law and may exercise powers in his own name.						

# Appendix E: Estimated financial outcome statement

(£m)	EOS
<b>Total asset realisations</b>	<b>434.7</b>
Less costs of realisations	(21.1)
<b>Net realisations</b>	<b>413.6</b>
<b>Total PAS</b>	<b>35.0</b>
<b>Other costs</b>	
Administrators' fees (exc. PAS)	(24.8)
RCF set-off & Trustee Costs	(20.1)
Other professional fees	(9.8)
Other professional fees (relating to Investigations only)	(2.7)
Litigation costs	(17.8)
Litigation - Security for costs	(15.5)
Preferential creditors	(1.7)
Prescribed part	(1.1)
Corporation tax (exc PAS)	(1.8)
VAT	-
<b>Total available to secured creditors</b>	<b>353.3</b>
Super senior notes	430.0
<b>Estimated return</b>	<b>82%</b>
<b>Total returns, £m</b>	
Returned to date	219.3
Future return	134.0
<b>Estimated return</b>	<b>353.3</b>
<b>Total returns, %</b>	
Returned to date	51%
Future return	31%
<b>Estimated return</b>	<b>82%</b>