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# Joint Administrators' Second Progress Report

## Phones 4U Limited

High Court of Justice, Chancery Division, Companies Court  
Case no. 6516 of 2014  
For the period from 15 March 2015 to 20 July 2015

## Phones 4 U Group Limited

High Court of Justice, Chancery Division, Companies Court  
Case no. 6507 of 2014  
For the period from 15 March 2015 to 20 July 2015

6 August 2015

## Phones4U Finance plc

High Court of Justice, Chancery Division, Companies Court  
Case no. 6506 of 2014  
For the period from 15 March 2015 to 20 July 2015

## MobileServ Limited

High Court of Justice, Chancery Division, Companies Court  
Case no. 6511 of 2014  
For the period from 15 March 2015 to 20 July 2015

## Phosphorus Acquisition Limited

High Court of Justice, Chancery Division, Companies Court  
Case no. 6508 of 2014  
For the period from 15 March 2015 to 20 July 2015

## Policy Administration Services Limited

High Court of Justice, Chancery Division, Companies Court  
Case no. 6504 of 2014  
For the period from 16 March 2015 to 20 July 2015

(all in administration)

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## 1. Key messages

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

There is a prospect of a dividend being paid to unsecured creditors of certain (but not all) of the Companies from the ring-fenced prescribed part fund. However, due to the estimated and significant level of total claims, any dividend is likely to be small and the timing is unknown at present. Please refer to Section 5.8 for further details.

### **Customers**

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

### **Creditors**

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

*Contact details (for claim forms only):* Phones 4U, c/o PwC, Benson House, 33 Wellington Street, Leeds, LS1 4JP

### **Employees**

If you are a former or current employee of Phones 4U Limited, you have received this report because our records show that you may be owed money by Phones 4U Limited in relation to the period prior to our appointment. If so, please submit a claim (as explained above) or alternatively, contact us at [phones4u.employees@uk.pwc.com](mailto:phones4u.employees@uk.pwc.com), if you have any questions.

### **Noteholders**

We continue to liaise with the holders of the senior secured notes issued by Phones4u Finance plc. These Noteholders are expected to have the primary economic interest in the progress of the Companies' administrations. We make reference in this report to information already communicated to creditors at a webinar on 1 May 2015 which is still available at [www.pwc.co.uk/phones4u](http://www.pwc.co.uk/phones4u)

*Contact details:* [phones4u.bondholders@uk.pwc.com](mailto:phones4u.bondholders@uk.pwc.com)

### **Commercially sensitive matters**

In Section 5.2 we explain what we are doing to realise the assets and deal with the liabilities of Phones 4U Limited. We have not disclosed the estimated realisable value for MNO receivables or the potential VAT implications of our ongoing discussions with HM Revenue and Customs, as to do so would be to disclose potentially commercially sensitive information and may prejudice the value of realisations in the administration. These matters are significant in value and will affect the amounts available for creditors. Therefore, our estimates of dividend prospects should be treated with an appropriate degree of caution.

## 2. Abbreviations used in this report

“the Companies”	Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited, Policy Administration Services Limited (all in administration)
“the Group” or “Phones 4U”	the above Companies together with 4U Limited, 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited and Phosphorus Holdco plc (all in administration)
“the Administrators” or “we”	Robert Jonathan Hunt, Ian David Green and Robert John Moran in respect of Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited, 4U Limited, 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited  Robert Jonathan Hunt, Ian David Green, Dan Yoram Schwarzmann and Douglas Nigel Rackham in respect of Policy Administration Services Limited  Robert Jonathan Hunt, Paul David Copley and Ian David Green in respect of Phosphorus Holdco Plc
“EE”	Everything Everywhere Limited
“FCA”	Financial Conduct Authority
“IA86”	The Insolvency Act 1986
“LGI”	London and General Insurance Company Limited
“Lloyds”	Lloyds Bank Plc
“LSG”	Lifestyle Service Group Limited
“MNO”	Mobile Network Operator
“Notes”	Senior secured notes issued by Phones4U Finance plc, listed on the Irish Stock Exchange
“Noteholders”	Holders of the above Notes
“P4U”	Phones 4U Limited
“P4U Care”	Phones 4 U Care Limited
“PAS”	Policy Administration Services Limited
“Prime Retail”	Prime Retail Property Consultants
“PwC”	PricewaterhouseCoopers LLP
“RCF”	Revolving credit facility
“ROT”	Retention of title
“Schedule B1 IA86”	Schedule B1 to the Insolvency Act 1986
“Proposals”	The Administrators’ statement of proposals for achieving the purpose of the administrations, dated 6 November 2014

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### 3. Introduction

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

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

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

An administration procedure normally comes to an end after the period of one year, unless extended with the consent of creditors or by order of the Court. For the reasons set out in this report, we consider that an extension of these six administrations is necessary and this report has been prepared to support our application to Court seeking such approval. Further details are given throughout this report and summarised in Section 5.9.

In accordance with Rule 2.47 IR86, this report will be issued to creditors by 20 August 2015, together with confirmation on the outcome of our Court application, if obtained by that time. If not, we will notify creditors separately once the Court application has been determined.

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. Our first progress report (dated 14 April 2015) explained the progress in each case, during the first six months of our appointments. These reports continue to be available on our website at: [www.pwc.co.uk/phones4u](http://www.pwc.co.uk/phones4u), the content of which is not repeated here unless considered beneficial or necessary for the purposes of this update.

We anticipate that our next report will be circulated in approximately six months' time, or earlier in respect of any administration that is capable of being concluded in the meantime.

Yours faithfully  
For and on behalf of the Companies



Rob Hunt  
Joint Administrator



*Robert Jonathan Hunt, Ian David Green and Robert John Moran have been appointed as joint administrators of Phones 4u Limited, Life Mobile Limited, 4u Wi-Fi Limited, 4u Limited, Jump 4u Limited, MobileServ Limited, Phosphorus Acquisition Limited, Phones 4 U Group Limited and Phones4u Finance Plc to manage their affairs, business and property as agents without personal liability.*

*Dan Yoram Schwarzmann, Douglas Nigel Rackham, Robert Jonathan Hunt and Ian David Green have been appointed as joint administrators of Policy Administration Services Limited to manage its affairs, business and property as agents without personal liability.*

*All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.*

#### 4. Summary of the possible outcome for creditors

The table below provides a summary of the possible outcome for the various classes of creditors, based on current information. More information is provided later in this report. Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision.

	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
	<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				
Estimated % recovery for secured creditors :	100% for RCF lenders and between 23% and 27% for the Noteholders (on the basis set out in Section 5.8)					
Forecast timing:	Timing for an interim distribution is dependent on the resolution of matters set out at Section 5.2 (VAT liabilities). Timing for further distributions is dependent on resolution of matters set out at Section 5.2 (MNO receivables). RCF lenders completed a set-off against funds in the administrations and as a result, the RCF lenders have now been repaid (or cash collateralised) in full. Further details are provided at Section 5.8.					
	<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>					
Estimated amount owed to preferential creditors:	£2.0 million (Note 2)	Note 1				
Estimated % recovery for preferential creditors:	100%					
Forecast timing:	3 months					

**Note 1** All employees were contracted with Phones 4U Limited. See further information provided at Section 5.8.

**Note 2** This estimate has been reduced from the figure provided in the directors' Statement of Affairs for the reasons outlined in Section 5.8.

	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 the statement of affairs)</i>	£168,069,816	£69,220,516	£92,428,369	£801,796,910	£561,308,251	£44,220,422
Estimated % recovery for unsecured creditors:	Less than 0.4%	Nil	Nil	Less than 0.1%	Nil	Less than 1.4%
Forecast timing:	12 months +	Nil	Nil	12 months +	Nil	12 months +

Where dividends are possible, these are only expected to arise from the ring-fenced funds under the ‘prescribed part’ provisions of the Insolvency Act 1986. We explain further in Section 5.8.

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



## 5. Progress in the period

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

Collectively this assignment is large and complex and therefore we have only provided an update on the significant areas of our work, those matters likely to affect the outcome for creditors and key ongoing matters and future work. Our progress is also illustrated on the enclosed receipts and payments accounts for each Company in Section 7.

Some information contained in this report was communicated to creditors in a webinar held on 1 May 2015 and is included again here for the benefit of all creditors.

### 5.1 Brief background

Phones 4U was one of the UK's leading independent mobile phone retailers and insurance providers, owned by private equity firm, BC Partners. The Group operated online (including the previously acquired Dialaphone business) and on the high-street. At the time of our appointment the Group had 563 stores plus 161 concessions in Dixons Carphone stores, and 5,592 employees in total. The Group had network agreements with Vodafone and EE and, until January 2014, it also had a contract with O2.

For ease of reference, the table below is a reminder of the Companies' operations:

Company	Overview
Phones 4U Limited	Main trading company and principal employer for the whole Group which also encompassed the retail store network.
Policy Administration Services Limited	Mobile phone insurance intermediary authorised by the FCA which continues to trade in administration.
Phones4U Finance plc	Issuer of the senior secured notes.
MobileServ Limited	Borrower and guarantor of the Revolving Credit Facility.
Phosphorus Acquisition Limited	Borrower and guarantor of the Revolving Credit Facility.
Phones 4 U Group Limited	Shareholder of P4U.

### 5.2 Phones 4u Limited

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

We explained in our last report that (shortly after appointment), we successfully completed transactions with Vodafone and EE, in addition to agreeing the transfer of all staff working in the concession outlets to Dixons Carphone.

The following table summarises these transactions.

Transaction	Stores	Store Employees	Sales value
Sale to Vodafone*	140	876	£12.5m
Sale to EE	58	356	£2.5m
Transfer to Dixons Carphone	-	788	-
Closed stores	365	2,503	n/a
<b>Opening position</b>	<b>563</b>	<b>4,523</b>	<b>£15.0m</b>

\*The sale to Vodafone included stock with a book value of £7m.

Since the date of our last report, we have continued the lease assignment process of the 198 stores acquired by Vodafone and EE, with all but a handful of these leases having been successfully assigned. We anticipate that this process will be completed shortly.

For the period prior to assignment, we are receiving funds from Vodafone and EE for the purpose of paying the ongoing rent to the landlords, as shown on the attached receipts and payments account. This will continue until all leases are successfully assigned.

Of the 365 stores that were not acquired by Vodafone or EE and in conjunction with our advisors (Prime Retail), we have secured premiums on surrender of leases of £739k for 20 stores, of which £134k was received during the period of this report.

We are continuing to progress the informal surrender of the leases in respect of those stores which we handed back to landlords because no premium value was identified. We have issued surrender letters in relation to all remaining properties to the respective landlords, with around 80 having been completed so far (including 20 since our last report).

We continue to progress the remaining vacated properties as part of winding down P4U's affairs and establishing what claims may exist from property landlords.

Also in relation to property matters, we have now recovered over £1m in total in business rates refunds with the assistance of specialist agents (CAPA), of which £229k was recovered in the period of this report. We understand from our agents that the majority of business rates refunds due to P4U have now been received and any further recoveries are likely to be minimal.

### Stock

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

We have now reviewed and resolved all ROT claims either by rejection or through the agreement of commercial settlements. The resolutions were reached having received legal advice in order to ensure that any invalid or unsound claims were defended accordingly on behalf of the general body of creditors.

In addition to stock sales referred to in our first report, we have since sold Nokia phones with a book value of £2.7m, and further accessories and other handsets have been sold by auction. Proceeds in the period arising from these further sales totalled £2.3m. We have also taken account of further cash of £0.4m during this period in relation to sales in the previous period which had been held in suspense pending completion of those sales. This can be seen on the receipts and payments account at Section 7.



We continue to seek to maximise realisations from the residual stock through auction sales to protect value.

### MNO Receivables

As outlined in earlier reports, P4U had agreements with several network providers in which P4U would procure connections for them and would receive commissions for each connection.

Since entering administration we have worked with the retained P4U MNO receivables team to assess each of the contractual relationships with the MNOs and quantify the current position and projected future value.

On the recent webinar, we confirmed that after lengthy negotiations with one of the MNOs, we had reached a settlement agreement with regards to commission receivables. Funds were transferred to the administration to discharge the obligation set out in the settlement agreement, and the receipt from this settlement is included in the receipts and payments accounts in Section 7.

In parallel with the recovery outlined above, we continue to progress our strategy for recovering amounts of which P4U is entitled pursuant to the contractual relationships with two remaining MNOs. This includes:

- The receipt and processing of information with regards to ongoing customer behaviours and usage.
- Update and calibration of models used to assess the current value of receivables and future projections.
- Regular communications with the MNOs either directly or through their legal counsel.
- Consideration of variables that could impact the assessment of future recoverable value.
- Working through any discrepancies identified between the P4U records and calculations and those of the MNOs.

In addition to the procedures and processes set out above, we have engaged a team of specialists from within PwC to undertake a detailed review of the models, workings and variables used by the retained P4U team to model projected value. This has afforded us greater clarity around what drives the value within these contracts and the effect of key variables. It has also provided an extra level of assurance upon which to base decisions as discussions with the MNOs progress.

Receipts of £32.5m (net of VAT) have now been made in this area of the administration (including £20.1m during the period covered by this report) as can be seen on the enclosed receipts and payments account. Despite this progress, given the nature of the issue and duration over which debts would usually accrue, it is still expected that the collection of remaining debts may not be resolved for considerable time.

The retained P4U team has specialist and detailed knowledge in the area of MNO receivables and the contracts that govern them. It was our view at the commencement of the administration (and remains so) that without retaining such a team the potential value that was likely to be recovered would be materially reduced. As part of the retention package, a commission structure was negotiated which allowed the retained team to participate in the value of receivables recovered into the estate.



The commission structure has been developed in order to incentivise maximum recoveries and as such the value shared with the retained team varies at certain levels of recoveries. Commissions are calculated quarterly based on MNO receivable proceeds received after direct costs and reasonable legal fees. In the quarter ended 30 June 2015, the qualifying criteria were met for the first commission payment of £0.5m which was made in early July.

The potential value of the MNO receivables depends on several variables, including unknown future events. As such we continue not to disclose our estimates of potential future recoverable value in this area.

### Other book debts

At the date of our appointment there were £21.1m of other book debts showing as due to P4U and we were successful in recovering £2.7m of these during the first six months of the administration. We have subsequently recovered a further £0.4m during the period of this report. These debts were largely in relation to retrospective discounts on stock purchases and various marketing agreements that were in place with suppliers pre-administration.

The lower amount recovered in this period reflects the ongoing difficulties in pursuing these debts. We continue to progress individual strategies for the remaining debts in order to maximise realisations, to the extent possible.

### Other assets

We have continued to liaise with interested parties in relation to other assets owned by the Companies. We have completed further sales of office equipment (owned by P4U) for £130,125 during the period of this report.

### Employees

At the date of our appointment, P4U employed 5,592 employees, of which 4,523 were employed in stores across the UK and 1,069 were based in the Group's head offices and call centre in Newcastle-under-Lyme.

As at 20 July 2015, all but 14 of the 5,592 staff had transferred, left of their own accord or been made redundant. These few remaining staff are assisting with the ongoing trading of PAS and collection of MNO receivables.

We previously reported that a proportion of those employees made redundant had filed protective award claims. We have acknowledged the protective award claims filed at the various Employment Tribunals across the country. The majority of claims that have been filed at these various Employment Tribunals have now been transferred and consolidated to an Employment Tribunal located in Birmingham.

Such claims are considered by the Employment Tribunal and the outcome can range from making no award, up to a maximum of 90 days' gross pay per employee. The outcome in this case is also likely to be affected by the European Court of Justice decision on the question of when the obligation to consult on collective redundancies is triggered - commonly referred to as the Woolworths' case. This is expected to result in a large proportion of claims being struck out or withdrawn.

With regards to claims not struck out or withdrawn, a full hearing is likely to be scheduled early next year and we will be working with our solicitors to ensure P4U's position is represented.



Any protective awards against P4U are likely to rank as unsecured claims in the administration of P4U, and would therefore reduce the dividend estimates provided in this report.

### VAT liabilities

As previously reported and discussed on the recent creditor webinar, the administration faces two ongoing VAT issues that require clarification.

The first concerns the extent to which we will be liable to account for VAT in the course of the administration on connection commissions earned under the MNO contracts. The calculation of connection commissions is complex, involving a true up of up-front estimated payments against actual revenue share as this accrues over the lifetime of the customer contracts.

We have analysed the position in detail and do not consider that any VAT charge should arise on any amount in excess of cash actually received during the period of the administration. However in order to obtain the necessary certainty to enable us to make distributions to creditors on that basis, we wrote to HM Revenue & Customs on 1 May 2015 applying for non-statutory clearance that VAT can be accounted for only on cash payments actually received during the period of the administration. Whilst we assess the risk of a different outcome to be low, alternative treatments have the potential to substantially deplete the funds that may be available within the estate for distribution to secured creditors. We have not reflected this risk within our range of estimated outcomes of 23% to 27% for the Noteholders.

In the period that has elapsed since we submitted our letter on this matter to HMRC, it has notified us that it would like to hear from us with regards to the second issue (below) in order to consider the two issues in conjunction with each other.

This second significant issue concerns financing arrangements entered into by P4U in June 2013 and September 2013 respectively, which involved Trade Bill Discounting Facility Agreements entered into between P4U and Barclays. As at the date of appointment, the VAT accrual account showed a balance of £38.5m. This reflected amounts of VAT that, pursuant to P4U's previous practise with HMRC, were considered by P4U to be payable on maturity of the relevant bills.

Again, we have considered this issue in detail and have concluded that the VAT accrual was incorrect, as the VAT became payable before the date of appointment, and is a pre-appointment liability. A letter to HMRC setting out the reasoning for our position with regards to correct treatment of VAT and seeking HMRC's confirmation of this position was submitted on 21 July 2015 (just after the period end of this report). We are continuing to work with HMRC in this regard and we will update you on the outcome in due course.

### 5.3 Policy Administration Services Limited

PAS is an FCA authorised insurance intermediary that sold mobile phone insurance to the public on behalf of the underwriter LGI. On appointment, there were approximately 800,000 policyholders of which 75% had a P4U Care policy and 25% had a Premierplan policy. All policies are renewed on a monthly basis and customers can cancel these at any time.



## Trading

As reported in our first progress report, we believed that PAS had a reasonable prospect of being able to continue trading and remaining profitable during administration and accordingly our efforts went into stabilising the business. We are pleased to say that the company is now stable and operating on a business as usual basis.

Following the closure of P4U stores, all claims are now administered by LSG under a post-administration contract in which both qualitative and quantitative service level agreements (“SLAs”) have been agreed. We oversee all SLAs on a daily basis to ensure that customers continue to receive a high quality service. Since our appointment, we have handled an average of 8,000 claims per month compared to 15,000 pre-administration – the majority of which were handled in stores. We currently have 40 dedicated LSG agents administering PAS claims who receive around 25,000 calls per month. We are pleased that, to date, all our SLAs are being met by LSG and that complaints have fallen by 73% since the month following administration.

We can report that LSG continues to purchase and manage stock at a very competitive price for the administration. We meet regularly with LSG to agree stock forecasts and purchases to meet business needs. To date we have purchased £6m of stock to fulfil over 75,000 claims thus improving the average cost per handset. This is in addition to the PAS stock held on appointment which was successfully repatriated from the P4U stores as described in the previous report.

Our third party contractor (Anovo) has resolved over 88,000 technical calls and continues to repair and refurbish customers’ telephones. The administration has recovered proceeds of around £1m from irreparable phones.

Policies continue to be underwritten by LGI and customers’ mobile phone insurance policies remain valid with LGI. We have regular meetings with the insurer to monitor and discuss the PAS business and progress made. We have recently agreed with LGI to provide better terms and conditions for our policyholders in order to promote longevity of the business.

We will continue to run the mobile phone insurance business in run-off which we expect to last for the next three years. Contracts with all counterparties have been renewed on this basis.

PAS currently has approximately 474,000 live policyholders. This is forecast to fall steadily to around 130,000 by December 2016. During the administration, policy cancellations have been running at an average of 3% for Premier Plan and 6% for Phones 4u Care on a monthly basis which is largely as expected.

## Asset realisation

We can confirm that the business has continued to trade profitably during the administration. We estimate a net profit and cash generation of approximately £17m (before tax and administrators’ costs) over the period to December 2016, but this is highly sensitive to policy cancellation rates.

## Regulatory requirements



After a period of regular dialogue with a dedicated team at the FCA, we have now satisfied the FCA that the business is on a stable footing and that customers continue to be treated fairly. Regulatory interface has therefore returned to a “business as usual” basis.

All policies are ‘rolling pay monthly’ contracts and are renewed automatically every 30 days. No renewal notices are sent to our policyholders and renewals continue until policies are cancelled by customers.

To accord with regulatory “best practice”, we continue to send annual reminders to all our policyholders as per our commitment to treating customers fairly and to minimise conduct risk issues. All policyholders are currently being contacted to ensure that they continue to need or want their policy. Customers are receiving their annual reminder over the course of the summer as letters are being sent in batches to ensure efficient handling of enquiries to the call centre. We plan to complete this exercise by the end of September 2015.

We are also taking the opportunity to communicate more favourable terms and conditions for customers’ policies with their annual reminder. This is to promote longevity of the PAS business, and reduce cancellations which inevitably occur when customer reminders are sent.

### Subsidiary

PAS is the parent of a captive reinsurer in the Isle of Man, P4U Care, which reinsures the insurance business. As described in our previous report, PAS has taken steps to flatten the group structure and now is the sole shareholder of P4U Care. This is particularly important as the majority of the underwriting profits passed to the insurer LGI, ultimately are paid on and accumulate in P4U Care.

We continue to work closely with the P4U Care board of directors to ensure that the scheme is running efficiently and that the risk exposure to the reinsurer is mitigated. Following the recent approval of the Isle of Man Regulator and agreement by the board, the surplus cash held in P4U Care will be transferred back to PAS by the end of 2015.

### Resources

We have set up a standalone business infrastructure for PAS whereby we have now severed operational dependency on P4U systems. A small number of P4U staff continue to oversee the insurance business on a daily basis and appropriate incentivisation and retention arrangements have been agreed. We are now considering other opportunities to improve career opportunities for the staff.

## 5.4 Other companies

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

Assets (£'000s)	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Phones 4 U Group Limited
Cash at bank (Sterling account)	5	4,020	69	-
Cash at bank (currency account)	-	726	-	-
Investments	-	420	-	-





Other	-	381	-	-
<b>Total realised</b>	<b>5</b>	<b>5,547</b>	<b>69</b>	<b>-</b>

MobileServ Limited held foreign currency accounts with balances of €988k and US\$15k. These amounts have now been converted to sterling and transferred to the main administration bank account for this company. Further details are shown on the receipts and payments account at Section 7.

During this period, MobileServ Limited also received funds of £420k from subsidiary companies which have been liquidated resulting in distributions back to the company.

We previously reported that certain directors or members of the senior management team entered into Loan Facility Agreements in February 2014 with MobileServ Limited. The purpose of the agreements was to provide funding for the directors to acquire shares in Phosphorus Jersey Limited (the Group's ultimate parent company). We have not agreed an early repayment with any of counterparties to date and we continue to explore the options in relation to collection of outstanding amounts due under loan agreements in 2019.

Aside from this, there are no further known assets to realise in any of these four companies. However, we believe there are reasons why each of these four administrations should be extended and we explain the reasons for this later in Section 5.9.

## 5.5 Secured creditors

A significant proportion of the Companies' secured creditors are holders of £430m senior secured notes issued by Phones4u Finance plc which are listed on the Irish Stock Exchange. The Notes are secured by a debenture over substantially all of the property and assets of the Companies and the only material parties to which they are contractually subordinated are the lenders under the RCF. The security of both the Noteholders and the RCF lenders is held on their behalf by a Security Trustee (ING Bank N.V.).

As indicated in our previous report, the RCF lenders relied upon set-off, pro-rata sharing and reinstatement provisions under the finance documentation to effect a series of set-offs (of amounts owed to one lender under the RCF against credit balances in the Companies' pre-administration accounts with that lender). The effect of multiple rounds of this process is that the RCF lenders have been fully repaid.

As part of the set-off process, the Security Trustee retained £4.0m of funds in order to cash collateralise the remaining outstanding letter of credit issued in favour of LGI as part of the ongoing PAS business. Further, during the same process the Security Trustee also exercised its right under the inter-creditor agreement to withhold funds in order to indemnify itself. In total at 20 July 2015, the Security Trustee is holding £11m, being £1m to pay across to a trust as part of the Senior Note Trustee replacement process (see below), and £10m to cover itself against potential future claims. In due course we will continue discussions with the Security Trustee in order to establish how this retained balance can be reduced and either returned to the estate or distributed to secured creditors.





In total £33.1m was set-off by this process, as shown below:

<b>Movement</b>	<b>£m</b>
Reimbursement of the RCF lenders for drawn letters of credit	15.8
Cash collateral for a letter of credit that remains in place	4.0
Withheld by the Security Trustee as cover for potential future claims	10.0
Retained by the Security Trustee to fund a trust linked with the appointment of the replacement Senior Note Trustee	1.0
Settlement of outstanding interest and fees due to the RCF lenders, the Security Trustee and the original Senior Notes Trustee and their respective advisors	2.3
<b>Total</b>	<b>33.1</b>

With regards to the Notes, we remain of the view that there will be insufficient funds to repay them in full and they are therefore likely to be the party with the primary economic interest in the progress and outcome of the administrations.

In previous reports we have set out the composition of the informal creditors' committee. The committee remains of the same constitution and we continue to communicate with members on a regular basis. Since our last report, a further Noteholder, Cyrus Capital Partners L.P. ("Cyrus"), has requested that they be provided with additional non-public information. Stonehill Capital Management LLC ("Stonehill") and now Cyrus have been and will continue to be provided with material non-public information relating to the administration under confidentiality agreements entered into.

In order to continue to canvas the views of the Noteholders and obtain feedback on the progress of the administration, on 8 July 2015 we held an informal creditors committee meeting in New York. Minutes of this meeting will be available on our website in due course.

We have previously communicated the intention to replace the Senior Notes Trustee. This process was completed soon after the period covered by this report, when Citibank N.A. was replaced with Global Loan Agency Services Limited. This replacement process was subject to formal support by a majority of the Noteholders by value and should have the effect of reducing the cost on the administration of the Senior Notes Trustee role.



## **5.6 Investigations**

Under insolvency legislation, we have an obligation to review the conduct of everyone who has acted as a director of the Companies within three years prior to our appointment and file a confidential report on our findings with the Department of Business, Innovation and Skills. We can confirm that we have complied with the requirement to report to the Department of Business, Innovation and Skills.

As part of our duty to investigate what assets there are in the Companies, we consider any potential claims against third parties and what recoveries can be made. We have previously reported that we appointed law firm Quinn Emmanuel Urquhart & Sullivan (“QE”) to assist us in our investigations in this area and that they had completed their initial investigations.

During the period covered by this report, we have considered the findings carefully and further steps have been taken to further clarify circumstances leading up to P4U being placed into administration. We continue to work closely with QE, however we are not providing further details with regards to this work stream at this point due to the sensitivities that surround it.

## **5.7 Administrators’ remuneration**

We explained in earlier reports that, given the circumstances of each case, it would be for the Companies’ secured creditors (and preferential creditors in Phones 4u Limited) to approve the basis of our remuneration and certain categories of disbursements. We also envisaged that our remuneration may be fixed by reference to a combination of one or more different bases.

We have maintained a very regular and open dialogue with the Companies’ secured creditors through open conference calls, liaison with the Security Trustee (ING Bank N.V.) and the informal Creditors’ Committee. The procedural mechanism for obtaining approval to the basis of fees where a security trustee represents a wider and more disparate body of secured creditors is complex.

At the informal committee meeting on 15 October 2014, we obtained the Committee’s support for a resolution to be put to a vote of all Noteholders on the matter of our remuneration. The proposal included the payment of 80% of our fees as joint administrators (on a time cost basis) relating to those entities within the Noteholders’ security net. We agreed to set out a further proposal regarding the basis upon which fees would be charged for dealing with those aspects of the administrations which are expected to take longer to resolve (being PAS, the MNO receivables, the VAT liabilities and the potential investigations) at a later date.

The committee gave unanimous support to the proposal. Additional supporting information was requested regarding the fees outlined in the proposal and it was agreed that this would be provided prior to a formal vote of Noteholders.

At a subsequent informal committee meeting on the 18 December 2014, support was again obtained on the same basis for fees accruing up to 30 November 2014. This was reiterated at the informal committee meeting on the 8 July 2015. Further, at this recent meeting we proposed to the informal committee that costs incurred with regards to PAS and VAT liabilities should also be accrued on a time cost basis.

Given the sensitive and non-public nature of the values associated with MNO receivables, on 7 July 2015 we set out our fee proposal with regards MNO receivables and investigations only to the Noteholders governed



by confidentiality agreements (Stonehill and Cyrus). Further calculations and scenarios have been requested before steps will be taken to facilitate formal approval.

Approval will also be sought from the preferential creditors in Phones 4u Limited. In order to minimise costs, we are proposing to seek such approval at the same time as agreeing preferential claims. For the reasons explained later, the claims preparatory work has been complex but has now been concluded to the extent necessary. Therefore, we are anticipating writing to preferential creditors shortly on these two matters.

Due to the issues outlined above, we have not yet drawn any remuneration payments. By the time of our next report, we hope to have formally obtained fee approval from all the relevant classes of creditors and our report will confirm the basis (or combination of bases) for determining our remuneration, together with all information and analysis required by Statement of Insolvency Practice No.9 and insolvency legislation.

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IA86. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 2.109 IR86. This information can also be found in the guide to fees at:

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

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

## **5.8 Outcome for creditors**

### **Secured creditors**

As explained earlier, a significant proportion of the Companies' creditors are holders of £430m senior secured notes issued by Phones4u Finance plc and listed on the Irish Stock Exchange. The Notes are secured by a debenture over substantially all of the property and assets of the Companies and the only material parties to which they are contractually subordinate are the lenders under the RCF.

As explained earlier, through a lender led process of set-off the RCF has been repaid (or cash collateralised) in full (in the sum of £19.8m). We remain of the view that there will be insufficient funds to repay the Notes in full and they are therefore likely to be the party with the primary economic interest in the progress and outcome of the administrations.

We have increased the range of estimated outcomes for the Noteholders in this report to 23% to 27%. The primary driver is the recovery of commission receivables from MNOs in the period as further set out in Section 5.2. In addition, the estimated value of preferential creditor claims has been reduced in comparison with previous estimates as set out below. As disclosed in our first progress report, administrators' fees relating to PAS and VAT matters had not previously been included in the estimated outcome statement; these have now been included within the latest estimate.

Estimates of other professional fees have also been increased to include fees relating to MNO recoveries (excluded in our previous estimates) and to reflect the cost of ongoing legal advice across multiple work streams.



Consistent with our previous progress report, the estimated outcome excludes any potential future recoveries from the MNO receivables or our investigatory work. For illustrative purposes only, it does include the effect of the VAT liability (of £38.5m) being paid as an expense of the administration, but excludes the potential impact of the first VAT issue discussed earlier, the quantum of which is more uncertain.

### Estimated dividend prospects

#### *Preferential creditors*

Preferential claims are only expected to arise in Phones 4u Limited where all of the Group's employment contracts resided. The directors' statement of affairs estimated these claims at over £3.4million.

Following our appointment, we paid certain arrears of wages for staff that had not transferred to one of the purchasers, thereby significantly reducing the amount of arrears of wages to be claimed against P4U, either directly or via the National Insurance Fund. The arrears were paid for a number of commercial reasons, including the need to secure support from employees during the stock repatriation exercise and ongoing assistance of employees at head office.

In our last report we explained that legal and Counsel advice was being taken on the treatment of these payments and the impact on the level of preferential claims in respect of the balance of arrears of wages. This has now been concluded and P4U's records have been processed to enable us to contact preferential creditors (principally former employees and the Redundancy Payments Service), with regards to agreeing their claims.

This is likely to happen shortly and subsequent to such agreement, claims are expected to be paid in full within the next three months, although this is subject to change and could take longer. As a result of the previous payments made, the total level of estimated preferential claims has been reduced to around £2m.

#### *Unsecured creditors*

Amounts become available for unsecured creditors if there are sufficient funds remaining after secured and preferential creditors have been paid in full and the expenses of the administration have been discharged. However in certain circumstances, insolvency legislation requires a fund to be set aside for unsecured creditors that would otherwise be paid to the secured creditor (under its floating charge).

This ring-fenced 'prescribed part' fund is paid out of the company's 'net property'. Net property is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. The amount of the prescribed part is:

- 50% of net property up to £10,000; plus
- 20% of net property above £10,000; but
- Subject to a maximum of £600,000.

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

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

\* Based on directors' statement of affairs

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

Dividend prospects are calculated by reference only to the amount owed to unsecured creditors as stated in the directors' statement of affairs, and do not take account at this stage of the costs associated with agreeing claims and distributing the prescribed part fund. The estimates are therefore subject to change and should be treated with an appropriate degree of caution.

## 5.9 Extension of the administrations

An administration comes to an automatic end after one year unless the Court agrees to extend it for a specific period. Alternatively, the relevant class of creditors can consent to a twelve month extension to the administrators' term in office.

The administrations are due to come to an automatic end on 15 September 2015 for all of the Companies except for PAS, which is due to end on 16 September 2015.

We consider that it is necessary to extend the period of each administration in order to pursue the ongoing asset realisations for the other reasons outlined in Section 5 of this report and summarised below.

We concluded that an application to the Court (as opposed to obtaining the consent of the creditors) would be the most appropriate method of obtaining an extension in the circumstances due to the duration of extensions required.

Company	Extension required until	Summary of reasons for extension
Phones 4U Limited	15 March 2019	<ul style="list-style-type: none"> <li>• Collection of MNO receivables including agreement or determination of set offs and counterclaims.</li> <li>• Confirmation from HMRC of VAT or application to court for determination.</li> <li>• Continued investigation into the affairs of the company and potential pursuit of actions against third parties.</li> <li>• Agree claims and make a distribution to the preferential creditors.</li> <li>• Agree claims and distribute the prescribed part fund to unsecured creditors.</li> </ul>
Policy Administration Services Limited	15 March 2019	<ul style="list-style-type: none"> <li>• To facilitate ongoing trading and implementation of the current strategy to maximise realisations from the company's assets, being principally a long-term customer run-off scenario.</li> <li>• Agree claims and distribute the prescribed part fund to unsecured creditors.</li> </ul>
MobileServ Limited	15 March 2019	<ul style="list-style-type: none"> <li>• To collect funds due under the Loan Facility Agreements expiring in 2019, unless settlements can be reached in the meantime.</li> <li>• Agree claims and distribute the prescribed part fund to unsecured creditors.</li> </ul>
Phones4U Finance plc ("Finance") Phosphorus Acquisition Limited Phones 4 U Group Limited	15 March 2019	<ul style="list-style-type: none"> <li>• Finance is the issuer of the Notes, Phosphorus Acquisition Limited is the borrower under the RCF and all three are guarantors of the Notes and the RCF</li> <li>• The active status of these companies as well as being under common control of the Administrators, will facilitate the administrations of the wider group.</li> <li>• Tax matters in this Group are complex and it is prudent for potentially affected companies to remain in administration until these matters are complete, or to the extent that they are assessed to have no further impact on these companies.</li> <li>• In our experience, the insolvency of large and complex groups often gives rise to unforeseen or legacy issues that need to be resolved as part of winding down its affairs in an orderly manner. This is best achieved whilst records are available and office holders have the power to deal with them.</li> <li>• As an example, we have recently been contacted in connection with entering into agreements on behalf of Phones 4 U Group Limited regarding a legacy Employment Benefit Trust that may have wider implications on the Group.</li> <li>• We will continue to review progress towards achieving the statutory purposes of the administrations and will seek to conclude the administrations as quickly and efficiently as reasonably practicable.</li> </ul>

Following the *Small Business, Enterprise and Employment Act 2015* coming into force earlier this year, it is no longer an option for companies to move from administration to creditors' voluntary liquidation for the purpose of distributing a prescribed part fund. Accordingly, where such dividends are expected to arise, these will need to be distributed prior to the end of the administration.

## 5.10 Ending the administrations

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



### **5.11 Next report**

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

## 6. Statutory and other information relating to the administrations

Full name:	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Trading names:	Phones 4U, Dialaphone					
Court details:	High Court of Justice, Chancery Division, Companies Court					
Court reference:	6516 of 2014	6507 of 2014	6506 of 2014	6511 of 2014	6508 of 2014	6504 of 2014
Company number:	03154198	04943837	07552754	05863265	07405102	03907386
Registered office:	Benson House, 33 Wellington Street, Leeds, LS1 4JP					
Company directors:	Philip D Dobson Nick Fisher Scott Hooton David N Kassler Steven Lloyd John E Morris Thomas Shorten Timothy J Whiting John J Whittle	David N Kassler Steven Lloyd John E Morris	Philip D Dobson David N Kassler Steven Lloyd John E Morris Timothy J Whiting	David N Kassler Steven Lloyd	David N Kassler Steven Lloyd Jason Mitchell John E Morris	Nick Fisher Scott Hooton David N Kassler Steven Lloyd John E Morris John J Whittle
Company secretary:	Steven Lloyd					
Shareholdings held by the directors and secretary:	Not applicable					
Appointment date:	15 September 2014					16 September 2014



Full name:	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited
Administrators' names and addresses	Robert Jonathan Hunt and Robert John Moran PwC, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT	Ian David Green PwC, 7 More London Riverside, London, SE1 2RT				Robert Jonathan Hunt (address as shown on the left)  Ian David Green, Douglas Nigel Rackham, Dan Yoram Schwarzmann (all of the London office address as shown on the left)
Appointor's/ applicant's name and address:	The directors of each company, based at Osprey House, Ore Close, Lymedale Business Park, Newcastle-under-Lyme, Staffordshire, ST5 9QD					
Objective being pursued by the administrators:	Objective (b) or (c) - achieving a better result for the company's creditors as a whole than would be likely if the company was wound up (without first being in administration) or realising property in order to make a distribution to one or more secured or preferential creditors.					
Division of the administrators' responsibilities:	In relation to Paragraph 100(2) Sch.B1 IA86, during the period for which the administration order is in force any act required or authorised under any enactment to be done by either or all of the administrators may be done by any one or more of the persons for the time being holding that office.					
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to the administrations and the proceedings are main proceedings.					

## 7. Receipts and payments accounts

### Phones 4U Limited – in administration From 15 March 2015 to 20 July 2015

Directors' statement of affairs £		15 September 2014 to 14 March 2015 £	15 March 2015 to 20 July 2015 £	Total to 20 July 2015 £
<b>Floating charge</b>				
<b>Receipts</b>				
1,003,700	Accrued income	-	-	-
35,168,467	Amounts related to stock	27,291,373.19	2,691,882.00	29,983,255.19
1,526,401	Book debts	2,791,103.33	371,453.44	3,162,556.77
Undisclosed	Network commissions	12,393,754.59	20,178,438.48	32,572,193.07
73,581,338	Cash at bank	92,967,951.25	-	92,967,951.25
	Contributions to rent	5,811,507.14	992,420.95	6,803,928.09
	Contributions to wages	447,000.00	-	447,000.00
	Insurance refunds	30,080.80	-	30,080.80
156,652	Intercompany debtors	-	-	-
	Intellectual property rights	100,000.00	-	100,000.00
	Interest received gross	181,661.54	177,896.51	359,558.05
2,250,000	Lease premiums	605,480.01	134,000.00	739,480.01
	Miscellaneous receipts	13,954.39	17,335.01	31,289.40
	Office equipment	62,583.33	130,124.50	192,707.83
46,122	Pre-payments	-	-	-
	Rates refunds	786,281.10	228,819.92	1,015,101.02
	Other refunds	63,614.56	142,052.27	205,666.83
	Sale of business	14,218,577.86	-	14,218,577.86
	Software licences	144,080.00	-	144,080.00
5,870,969	Subrogated inter-company claims	-	-	-
250,000	Tangible fixed assets	-	-	-
	Third party funds	757,074.83	(420,000.00)	337,074.83
	Trade debtors	-	-	-
Undisclosed	<b>Total receipts</b>	<b>158,666,077.92</b>	<b>24,644,423.08</b>	<b>183,310,501.00</b>

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



Directors' statement of affairs £	15 September 2014 to 14 March 2015 £	15 March 2015 to 20 July 2015 £	Total to 20 July 2015 £
<b>Floating charge</b>			
<b>Payments</b>			
Agents' fees	934,617.49	920,509.25	1,855,126.74
Amounts relating to stock	288,655.00	152,091.00	440,746.00
Bank charges	20,829.95	545.25	21,375.20
Cleaning and site clearance	25,391.04	8,644.33	34,035.37
Consultancy fees	496,825.87	6,069.23	502,895.10
Duress payments	1,131,484.96	-	1,131,484.96
Employee expenses	106,913.68	44.97	106,958.65
Employers NIC	1,653,758.35	30,507.84	1,684,266.19
Gross wages and salaries	6,466,157.17	376,292.15	6,842,449.32
Insurance	128,010.03	149,246.27	277,256.30
IT costs	2,550,664.87	506.00	2,551,170.87
Legal fees	76,190.38	4,053,361.02	4,129,551.40
Lease/hire charges	3,524.80	-	3,524.80
Other payroll deductions	85,565.83	-	85,565.83
Pension schemes	19,871.26	-	19,871.26
Petty cash	300.00	-	300.00
Property expenses	7,000.00	1,000.00	8,000.00
Purchases	17,913.02	-	17,913.02
Rent	5,241,841.75	1,184,115.27	6,425,957.02
Security costs	102,101.26	2,349.88	104,451.14
Service charges	308,476.82	-	308,476.82
Statutory advertising	227.46	-	227.46
Storage costs	1,369,754.56	13,394.64	1,383,149.20
Sundry appointment related costs	840.00	960.00	1,800.00
Transport and carriage	354,899.40	-	354,899.40
Utilities	5,217.79	1,529.85	6,747.64
<b>Total payments</b>	<b>21,397,032.74</b>	<b>6,901,166.95</b>	<b>28,298,199.69</b>
<b>Net floating charge realisations</b>	<b>137,269,045.18</b>	<b>17,743,256.13</b>	<b>155,012,301.31</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)	-	4,000,000.00	4,000,000.00
<b>Total RCF indebtedness</b>	<b>-</b>	<b>19,810,000.00</b>	<b>19,810,000.00</b>
Cash-backed indemnities	-	11,000,000.00	11,000,000.00
Recovery of costs and interest	-	2,289,791.18	2,289,791.18
<b>Total secured creditor entitlements</b>	<b>-</b>	<b>33,099,791.18</b>	<b>33,099,791.18</b>
<b>VAT control account</b>	<b>1,310,278.87</b>	<b>3,378,393.04</b>	<b>4,688,671.91</b>
<b>Balance held in interest bearing current accounts</b>	<b>138,579,324.05</b>	<b>(11,978,142.01)</b>	<b>126,601,182.04</b>
<b>Represented by</b>			<b>£</b>
Held in Barclays			20,842,198.30
Held in Lloyds			634,322.99
Invested in high interest account			105,124,660.75
<b>Total</b>			<b>126,601,182.04</b>

**Note 1**

Legal fees of £4m paid during the period related to the period prior to March 2015



**Phones 4 U Group Limited**  
From 15 March 2015 to 20 July 2015

Directors' statement of affairs £		15 September 2014 to 14 March 2015 £	15 March 2015 to 20 July 2015 £	Total to 20 July 2015 £
	<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>	-	-	-



**Phones4U Finance plc**  
From 15 March 2015 to 20 July 2015

Directors' statement of affairs £		15 September 2014 to 14 March 2015 £	15 March 2015 to 20 July 2015 £	Total to 20 July 2015 £
<b>Floating charge</b>				
<b>Receipts</b>				
-	Bank interest	3.60	-	3.60
4,759	Cash at bank	4,758.97	-	4,758.97
38,807	Intercompany debtors	-	-	-
<b>43,566</b>	<b>Total receipts</b>	<b>4,762.57</b>	<b>-</b>	<b>4,762.57</b>
<b>Payments</b>				
	Bank charges	2.00	3.60	5.60
-	<b>Total payments</b>	<b>2.00</b>	<b>3.60</b>	<b>5.60</b>
<b>43,566</b>	<b>Net floating charge realisations</b>	<b>4,760.57</b>	<b>(3.60)</b>	<b>4,756.97</b>
	VAT control account	-	-	
<b>43,566</b>	<b>Balance held in interest bearing current account</b>	<b>4,760.57</b>	<b>(3.60)</b>	<b>4,756.97</b>
<b>Represented by</b>				<b>£</b>
	Held in Barclays account			-
	Held in Lloyds account			4,756.97
	<b>Total</b>			<b>4,756.97</b>



**MobileServ Limited – in administration**  
From 15 March 2015 to 20 July 2015

Directors' statement of affairs £	15 September 2014 to 14 March 2015 £	15 March 2015 to 20 July 2015 £	Total to 20 July 2015 £	
<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	-	9,916.80	9,916.80
	US Dollar account	-	715,752.19	715,752.19
463,684	Directors' loan account	-	-	-
427,096	Intercompany debtors	-	-	-
	Interest received gross	377,037.77	4,360.06	381,397.83
	Investments	-	419,778.07	419,778.07
<b>(18,739,611)</b>	<b>Total receipts</b>	<b>4,397,330.72</b>	<b>1,149,807.12</b>	<b>5,547,137.84</b>
<b>Payments</b>				
	Bank charges	61,429.30	114.00	61,543.30
	<b>Total payments</b>	<b>61,429.30</b>	<b>114.00</b>	<b>61,543.30</b>
	<b>Net floating charge realisations</b>	<b>4,335,901.42</b>	<b>1,149,693.12</b>	<b>5,485,594.54</b>
	VAT control account	-	-	-
	<b>Balance held in interest bearing current account</b>	<b>4,335,901.42</b>	<b>1,149,693.12</b>	<b>5,485,594.54</b>
	<b>Represented by</b>			<b>£</b>
	Held in Barclays account			1,146,175.84
	Held in Lloyds account			4,339,418.70
	<b>Total</b>			<b>5,485,594.54</b>

**Note 1**

MobileServ Limited had an overdraft of £19.6m and a cash balance of £4m, the latter of which was not reflected on the directors' statement of affairs. Debit balances in the account of one of the Companies were set-off or transferred pursuant to the overdraft arrangements in satisfaction of MobileServ's overdraft liabilities, leaving the cash balance of £4m in this administration.

**Note 2**

MobileServ Limited held foreign currency accounts with balances of €988k and US\$15k. These have been converted to Sterling during the period of this report.



## Policy Administration Services Limited – in administration

From 16 March 2015 to 20 July 2015

Directors' statement of affairs £	16 September 2014 to 15 March 2015 £	16 March 2015 to 20 July 2015 £	Total to 20 July 2015 £	
<b>Trading statement</b>				
<b>Receipts</b>				
27,000,000	Customer insurance premiums	28,522,893.97	18,494,318.43	47,017,212.40
	Customer refunds	(605,980.89)	(492,649.50)	(1,098,630.39)
	Sales of irreparable phones	52,025.89	983,879.11	1,035,905.00
	Interest received gross	24,649.95	33,247.22	57,897.17
<b>27,000,000</b>	<b>Total trading receipts</b>	<b>27,993,588.92</b>	<b>19,018,795.26</b>	<b>47,012,384.18</b>
<b>Payments</b>				
	Agents' fees	4,279,900.58	4,201,618.64	8,481,519.22
	Bank charges	58,034.41	18,319.71	76,354.12
	Duress payments	931,978.88	-	931,978.88
	Property	10,200.00	4,320.00	14,520.00
	Insurance	11,974,397.65	6,975,343.50	18,949,741.15
	IT costs	15,614.04	4,272.00	19,886.04
	Stock purchase	3,963,352.20	2,407,846.60	6,371,198.80
	Trade creditors	53,630.69	17,766.61	71,397.30
	<b>Total trading payments</b>	<b>21,287,108.44</b>	<b>13,629,487.06</b>	<b>34,916,595.50</b>
	<b>Trading account surplus/(loss)</b>	<b>6,706,480.48</b>	<b>5,389,308.20</b>	<b>12,095,788.68</b>
<b>Floating charge</b>				
<b>Receipts</b>				
35,948	Accrued income			
14,724,121	Cash at bank	13,825,702.60	-	13,825,702.60
47,960	Prepayments	-	-	-
4,912,977	Stock	-	-	-
	Trading account balance (see above)	6,706,480.48	5,389,308.20	12,095,788.68
19,721,006	<b>Total receipts</b>	<b>20,532,183.08</b>	<b>5,389,308.20</b>	<b>25,921,491.28</b>
	<b>Floating charge realisations</b>	<b>20,532,183.08</b>	<b>5,389,308.20</b>	<b>25,921,491.28</b>
<b>Represented by</b>				
	Held in Barclays			£
	Held in Lloyds			18,172,518.29
	Held in ANZ			1,105,819.73
	<b>Total</b>			<b>6,643,153.26</b>
				<b>25,921,491.28</b>

### Note 1

Cash held in P4U Care is not included in this report.

### Note 2

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

### Note 3

All figures in relation to PAS are shown inclusive of VAT.



**Phosphorus Acquisition Limited – in administration**

From 15 March 2015 to 20 July 2015

Directors' statement of affairs £		15 September 2014 to 14 March 2015 £	15 March 2015 to 20 July 2015 £	Total to 20 July 2015 £
<b>Floating charge</b>				
<b>Receipts</b>				
69,473	Cash at bank	69,472.80	-	69,472.80
	Bank interest	163.86	87.80	251.66
129,806	Intercompany debtors	-	-	-
7,328	Prepayments	-	-	-
<b>206,607</b>	<b>Total receipts</b>	<b>69,636.66</b>	<b>87.80</b>	<b>69,724.46</b>
<b>Payments</b>				
	Bank charges	3.40	-	3.40
	<b>Total payments</b>	<b>3.40</b>	<b>-</b>	<b>3.40</b>
	<b>Net floating charge realisations</b>	<b>69,633.26</b>	<b>87.80</b>	<b>69,721.06</b>
	VAT control account	-	-	-
	<b>Balance held in interest bearing current account</b>	<b>69,633.26</b>	<b>87.80</b>	<b>69,721.06</b>
	<b>Represented by</b>			<b>£</b>
	Held in Barclays account			-
	Held in Lloyds account			69,721.06
	<b>Total</b>			<b>69,721.06</b>



## 8. Statement of expenses incurred

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

The statements do not include amounts accruing in respect of our remuneration (fees and disbursements), as the basis of these costs has not yet been agreed by creditors. In addition, the statements exclude any potential tax liabilities that may be payable as expenses of the administrations in due course because amounts due will depend on the position at the end of the tax accounting period.

### Phones 4U Limited – in administration From 15 March 2015 to 20 July 2015

	Expenses incurred brought forward from 14 March 2015 (£)	Adjustments to the previous period (£)	Revised expenses incurred brought forward from 14 March 2015 (£)	Total expenses paid to 20 July 2015 (£)	Expenses outstanding at 20 July 2015 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2015 (£)
Agents' fees	895,495.50	-	895,495.50	1,855,126.74	7,719.55	967,350.79	1,862,846.29
Amounts relating to stock	-	288,655.00	288,655.00	440,746.00	-	152,091.00	440,746.00
Bank charges	23,339.83	(2,509.88)	20,829.95	21,375.20	-	545.25	21,375.20
Cleaning and site clearance	25,391.04	-	25,391.04	34,035.37	-	8,644.33	34,035.37
Consultancy fees	496,825.87	-	496,825.87	502,895.10	-	6,069.23	502,895.10
Duress payments	1,131,484.96	-	1,131,484.96	1,131,484.96	-	-	1,131,484.96
Employee expenses	156,913.68	(50,000.00)	106,913.68	106,958.65	1,367.51	1,412.48	108,326.16
Employers NIC	1,653,758.35	-	1,653,758.35	1,684,266.19	-	30,507.84	1,684,266.19
Gross wages and salaries	6,466,157.17	-	6,466,157.17	6,842,449.32	78,584.52	454,876.67	6,921,033.84
Insurance	158,010.30	-	158,010.30	277,256.30	-	119,246.00	277,256.30
IT costs	2,550,664.87	-	2,550,664.87	2,551,170.87	-	506.00	2,551,170.87
Legal fees (P4U)	3,878,163.38	(916,030.42)	2,962,132.96	3,082,906.50	576,632.02	697,405.56	3,659,538.52
Legal fees (other group entities)	-	916,030.42	916,030.42	1,046,644.90	39,191.68	169,806.15	1,085,836.57
Lease/hire charges	3,524.80	-	3,524.80	3,524.80	-	-	3,524.80
Other payroll deductions	85,565.83	-	85,565.83	85,565.83	-	-	85,565.83
Pension schemes	19,871.26	-	19,871.26	19,871.26	-	-	19,871.26
Petty cash	300.00	-	300.00	300.00	-	-	300.00
Property expenses	(14,564.08)	22,564.08	8,000.00	8,000.00	-	-	8,000.00
Purchases	17,913.02	-	17,913.02	17,913.02	-	-	17,913.02
Security costs	102,101.26	-	102,101.26	104,451.14	-	2,349.88	104,451.14
Service charges	308,476.82	-	308,476.82	308,476.82	-	-	308,476.82
Statutory advertising	227.46	-	227.46	227.46	-	-	227.46
Storage costs	1,412,432.36	(30,959.57)	1,381,472.79	1,383,149.20	656.40	2,332.81	1,383,805.60
Sundry appointment related costs	840.00	-	840.00	1,800.00	-	960.00	1,800.00
Transport and carriage	354,899.40	-	354,899.40	354,899.40	-	-	354,899.40
Utilities	5,217.79	-	5,217.79	6,747.64	-	1,529.85	6,747.64
<b>Total</b>	<b>19,733,010.87</b>	<b>227,749.63</b>	<b>19,960,760.50</b>	<b>21,872,242.67</b>	<b>704,151.67</b>	<b>2,615,633.84</b>	<b>22,576,394.34</b>

We previously reported that an element of legal fees would be split across other Group entities. During this period, we have undertaken an analysis of legal fees incurred and show the amounts payable by the other Group entities in the respective expenses statements below. These amounts will be reimbursed by the respective Group entities in due course to the extent that it is possible to do so.



### Phones 4 U Group Limited

From 15 March 2015 to 20 July 2015

	Expenses incurred brought forward from 14 March 2015 (£)	Adjustments to the previous period (£)	Revised expenses incurred brought forward from 14 March 2015 (£)	Total expenses paid to 20 July 2015 (£)	Expenses outstanding at 20 July 2015 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2015 (£)
Legal fees	-	6,143.06	6,143.06	-	6,143.06	-	6,143.06
<b>Total</b>	-	<b>6,143.06</b>	<b>6,143.06</b>	-	<b>6,143.06</b>	-	<b>6,143.06</b>

Legal fees of £6,143.06 have been incurred to date (and paid through Phones 4U Limited) which relate to the six months to 14 March 2015.

### Phones4U Finance plc

From 15 March 2015 to 20 July 2015

	Expenses incurred brought forward from 14 March 2015 (£)	Adjustments to the previous period (£)	Revised expenses incurred brought forward from 14 March 2015 (£)	Total expenses paid to 20 July 2015 (£)	Expenses outstanding at 20 July 2015 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2015 (£)
Bank charges	2.00	-	2.00	5.60	-	3.60	5.60
Legal fees	-	6,181.76	6,181.76	-	6,195.89	14.12	6,195.89
Professional fees	-	-	-	-	-	79,966.56	79,966.56
<b>Total</b>	<b>2.00</b>	<b>6,181.76</b>	<b>6,183.76</b>	<b>5.60</b>	<b>6,195.89</b>	<b>79,984.28</b>	<b>86,168.05</b>

Legal fees and professional fees of £6,195.89 and £79,966.56 respectively have been incurred to date. Of the total legal fees incurred, £6,181.76 relates to the six months to 14 March 2015.

### MobileServ Limited – in administration

From 15 March 2015 to 20 July 2015

	Expenses incurred brought forward from 14 March 2015 (£)	Adjustments to the previous period (£)	Revised expenses incurred brought forward from 14 March 2015 (£)	Total expenses paid to 20 July 2015 (£)	Expenses outstanding at 20 July 2015 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2015 (£)
Bank charges	61,429.30	-	61,429.30	61,543.30	-	114.00	61,543.30
Legal fees	-	41,110.37	41,110.37	-	53,867.93	12,757.55	53,867.93
<b>Total</b>	<b>61,429.30</b>	<b>41,110.37</b>	<b>102,539.67</b>	<b>61,543.30</b>	<b>53,867.93</b>	<b>12,871.55</b>	<b>115,411.23</b>

Legal fees of £53,867.93 have been incurred to date, of which £41,110.37 were incurred in the six months to 14 March 2015.



**Policy Administration Services Limited – in administration**  
From 16 March 2015 to 20 July 2015

	Expenses incurred brought forward from 14 March 2015 (£)	Adjustments to the previous period (£)	Revised expenses incurred brought forward from 14 March 2015 (£)	Total expenses paid to 20 July 2015 (£)	Expenses outstanding at 20 July 2015 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2015 (£)
Agents' fees	4,782,976.03	-	4,782,976.03	8,481,519.22	-	3,698,543.19	8,481,519.22
Bank charges	58,034.41	-	58,034.41	76,354.12	-	18,319.71	76,354.12
Duress payments	931,878.88	-	931,878.88	931,978.88	-	100.00	931,978.88
Property	10,200.00	-	10,200.00	14,520.00	-	4,320.00	14,520.00
Insurance	11,974,397.65	-	11,974,397.65	18,949,741.15	1,754,558.87	8,729,902.37	20,704,300.02
IT costs	15,614.04	-	15,614.04	19,886.04	-	4,272.00	19,886.04
Legal fees	-	855,890.89	855,890.89	-	1,012,720.59	156,829.70	1,012,720.59
Stock purchase	3,963,352.20	-	3,963,352.20	6,371,198.80	-	2,407,846.60	6,371,198.80
Trade creditors	53,630.69	-	53,630.69	71,397.30	-	17,766.61	71,397.30
<b>Total</b>	<b>21,790,083.90</b>	<b>855,890.89</b>	<b>22,645,974.79</b>	<b>34,916,595.50</b>	<b>2,767,279.46</b>	<b>15,037,900.17</b>	<b>37,683,874.96</b>

All figures in relation to PAS are shown inclusive of VAT.

Legal fees of £1,012,720.59 have been incurred to date, of which £855,890.89 were incurred in the six months to 15 March 2015.

**Phosphorus Acquisition Limited – in administration**  
From 15 March 2015 to 20 July 2015

	Expenses incurred brought forward from 14 March 2015 (£)	Adjustments to the previous period	Revised expenses incurred brought forward from 14 March 2015	Total expenses paid to 20 July 2015 (£)	Expenses outstanding at 20 July 2015 (£)	Expenses incurred in this period (£)	Total expenses to 20 July 2015 (£)
Bank charges	3.40	-	3.40	3.40	-	-	3.40
Legal fees	-	6,704.34	6,704.34	-	6,909.12	204.78	6,909.12
<b>Total</b>	<b>3.40</b>	<b>6,704.34</b>	<b>6,707.74</b>	<b>3.40</b>	<b>6,909.12</b>	<b>204.78</b>	<b>6,912.52</b>

Legal fees of £6,909.12 have been incurred to date, of which £6,704.34 were incurred in the six months to 14 March 2015.



## Summary of legal and other professional firms

We have instructed the following professionals on these cases:

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

Please note that the above table provides only a list of professionals and agents engaged by the administrators and does not seek to provide an exhaustive list of all suppliers used in the ordinary course of trading (PAS).

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

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

# Administrator's progress report

## 2.24B

Name of Company
Policy Administration Services Limited

Company Number
03907386

In the
High Court of Justice Chancery Division Companies Court
(full name of court)

Court case number
6504 of 2014

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

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, (ii) Nigel Douglas Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT (iii) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT and (i ) Daniel Y  
1 2RT

Joint administrators of the above company attach a progress report for the period

(b) Insert dates

from to

(b) 16 March 2015 (b) 20 July 2015



Signed \_\_\_\_\_  
Joint Administrator (IP No. 8597)

Dated 6 August 2015

# Administrator's progress report

## 2.24B

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

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

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, (ii) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT and (iii) Robert John Moran of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

Joint administrators of the above company attach a progress report for the period

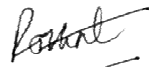
from

to

(b) Insert dates

(b) 15 March 2015

(b) 20 July 2015



Signed \_\_\_\_\_  
Joint Administrator (IP No. 8597)

Dated 6 August 2015

# Administrator's progress report

## 2.24B

Name of Company MobileServ Limited
---------------------------------------

Company Number 05863265
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In the High Court of Justice Chancery Division Companies Court  (full name of court)
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Court case number 6511 of 2014
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(a) Insert full name(s) and address(es) of administrator(s)

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, (ii) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, R , London, SE1 2RT and (iii) Robert John Moran of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

Joint administrators of the above company attach a progress report for the period

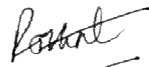
from

to

(b) Insert dates

(b) 15 March 2015

(b) 20 July 2015



Signed \_\_\_\_\_  
Joint Administrator (IP No. 8597)

Dated 6 August 2015

# Administrator's progress report

## 2.24B

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

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

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, (ii) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, R , London, SE1 2RT and (iii) Robert John Moran of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

Joint administrators of the above company attach a progress report for the period

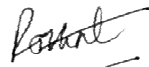
from

to

(b) Insert dates

(b) 15 March 2015

(b) 20 July 2015



Signed \_\_\_\_\_  
Joint Administrator (IP No. 8597)

Dated 6 August 2015



**Administrator's progress report****2.24B**

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

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

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, (ii) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, R , London, SE1 2RT and (iii) Robert John Moran of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

Joint administrators of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 15 March 2015

(b) 20 July 2015

Signed 

\_\_\_\_\_  
Joint Administrator (IP No. 8597)

Dated 6 August 2015

# Administrator's progress report

## 2.24B

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

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

We (a) Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, (ii) Ian David Green of PricewaterhouseCoopers LLP, 7 More London, R , London, SE1 2RT and (iii) Robert John Moran of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

Joint administrators of the above company attach a progress report for the period

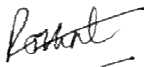
from

to

(b) Insert dates

(b) 15 March 2015

(b) 20 July 2015



Signed \_\_\_\_\_  
Joint Administrator (IP No. 8597)

Dated 6 August 2015