
Joint Administrators' proposals for achieving the purpose of administration

Phones 4U Limited

Phones 4 U Group Limited

Phones4U Finance plc

Policy Administration Services Limited

MobileServ Limited

Phosphorus Acquisition Limited

Phosphorus Holdco plc

(all in administration)

6 November 2014

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The statements of affairs are contained in separate documents when viewed on our website.



1. Key messages

Since Phones 4U entered administration we have communicated with stakeholders and affected parties directly and indirectly using the companies' website (www.phones4u.co.uk) and our own dedicated website (www.pwc.co.uk/phones4u).

As required by legislation, this document and its appendices form our statement of proposals for achieving the purpose of each administration. Given the large and complex nature of this assignment, this report only 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.

We have produced one report covering several companies in order to minimise costs and for the convenience of any creditors common to each estate. Accordingly, we discuss matters in general terms, but make reference to specific companies where relevant and necessary to do so.

The key messages for the various stakeholders are set out below.

There is a prospect of a dividend being paid to unsecured creditors in certain (but not all) of the Companies from the prescribed part fund. However, due to the estimated and significant level of total claims, any dividend is likely to be negligible and unlikely to become available for some time. Please refer to Section 5.9 for further details.

Customers

The websites listed above contain 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 have an unfilled phone order (e.g. iPhone 6). Any claims of this nature should be made against Phones 4U Limited.

Please note that you may not be shown as a creditor on the directors' statement of affairs. This does not necessarily mean you are not a creditor or affect your ability to claim. All claims will be checked to the company records as and when appropriate.

Contact details:

Phones 4u Customer Service 0844 8712253

Technical Support 0844 8712233

Employees

If you are an employee or former employee of Phones 4U, you have received this report because you may be owed money in respect of your employment or (where applicable) your redundancy. We continue to communicate with existing employees using the Companies' normal procedures and direct contact where necessary or appropriate. Employees can contact their line manager or HR in the first instance if they have any questions or require advice.

Contact details:

phones4u.employees@uk.pwc.com

Central HR team 01782 676969



Interested parties

This report has not been prepared for marketing purposes, or circulated intentionally to interested parties. However, if any creditor is interested in purchasing any of the remaining businesses and assets in whole or part, please contact us as soon as possible.

Contact details:

phones4u.interestedparties@uk.pwc.com

Creditors and suppliers

Suppliers have been (and will be) contacted where appropriate in connection with any ongoing goods and services required by the Companies during the period of the administration. Creditors should submit a claim form (which is available at www.pwc.co.uk/phones4u) in respect of amounts owed at the time of our appointment, in order to lodge their claim for dividend purposes.

Contact details (for claim forms only):

Phones 4U, c/o PwC, Benson House, 33 Wellington Street, Leeds, LS1 4JP

Landlords

A significant number of stores were the subject of transfers to Vodafone and EE. A stock withdrawal process commenced immediately following these sales and we are managing the portfolio in order for premises to be quickly returned to landlords where no third party interest in the lease had been received.

Contact details:

Phones 4U, c/o PwC, Benson House, 33 Wellington Street, Leeds, LS1 4JP

Bondholders

We continue to liaise with the holders of the senior secured notes issued by Phones4u Finance plc. These bondholders are expected to have the primary economic interest in the progress of the Companies' administration.

Contact details:

phones4u.bondholders@uk.pwc.com

2. Abbreviations used in this report

The following abbreviations may be used from time to time throughout this report:

“the Companies”	Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited, Policy Administration Services Limited, Phosphorus Holdco plc
“the Group” or “Phones 4U”	the above Companies together with 4U Limited, 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited (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 Robert Jonathan Hunt, Ian David Green, Dan Yoram Schwarzmann and Douglas Nigel Rackham in respect of Policy Administration Services Limited Paul David Copley, Robert Jonathan Hunt and Ian David Green in respect of Phosphorus Holdco Plc
“P4U”	Phones 4U Limited
“PAS”	Policy Administration Services Limited
“Life Mobile”	Life Mobile Limited
“IA86”	The Insolvency Act 1986
“IR86”	The Insolvency Rules 1986
“Schedule B1 IA86”	Schedule B1 to the Insolvency Act 1986
“PwC”	PricewaterhouseCoopers LLP
“ROT”	Retention of title
“MNO”	Mobile Network Operator
“LGI”	London and General Insurance Company Limited
“Prime Retail”	Prime Retail Property Consultants
“FCA”	Financial Conduct Authority
“Lloyds”	Lloyds Bank Plc
“RCF”	Revolving credit facility
“Notes”	Senior secured notes issued by Phones4U Finance plc, listed on the Irish Stock Exchange
“Noteholders”	Holder of the above Notes

3. Purpose of this report

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:

<i>Company</i>	<i>Date of appointment</i>
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
4U Limited	15 September 2014
4U Wi-Fi Limited	15 September 2014
Jump 4U Limited	15 September 2014
Life Mobile Limited	15 September 2014
Policy Administration Services Limited *	16 September 2014
Phosphorus Holdco plc *	8 October 2014

These proposals cover only those six Companies contained within a common security structure and their parent company (all indicated by * above). A Group structure is included at Section 10. A separate report has been prepared for 4U Limited, 4U Wi-Fi Limited, Jump 4U Limited and Life Mobile Limited.

In this report we provide a brief history of the Companies, explain why they were put into administration and set out our proposals for achieving the purpose of the administrations. We also include details of the Companies' assets and liabilities, and give an initial indication on the likely outcome for each class of creditor.

The purpose of an administration is to achieve one of the following objectives:-

- (a) rescuing the company as a going concern, or if that is not possible or if (b) would achieve a better result for the creditors than (a);
- (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or finally, if that is not possible;
- (c) realising the company's assets to pay a dividend to secured or preferential creditors.

In each case, we are pursuing objective (b) as it was not reasonably practical to rescue any of the Companies as going concerns.

Our role as administrators is to manage the Companies until our proposals for achieving the purpose of the administrations have been agreed and implemented as far as possible. The administrations will then end in the manner described later in this report.

This document and its appendices form our statement of proposals for achieving the purpose of each administration.



As detailed in Section 5, we have formed the view that the Companies have insufficient property to enable a distribution to be made to unsecured creditors other than potentially by virtue of the prescribed part as provided for by Section 176A IA86. Accordingly, by virtue of Paragraph 52(1) Sch.B1 IA86, a meeting of creditors is not being convened at this time in respect of any of the Companies.

In accordance with Rule 2.33(5) IR86, our proposals will be deemed to have been approved by creditors unless a meeting of creditors is requisitioned in the prescribed manner by at least 10% in value of creditors within eight business days of the date on which these proposals are circulated. We will write to creditors again after the expiry of this period to confirm the deemed approval of the proposals, or alternatively confirm that a meeting is to be held.

Details were provided earlier should creditors need to contact the Companies. However, if you have any questions specifically in connection with this report or what is being proposed, please contact my colleagues Chris Dent on +44(0)113 289 4092, Michael Sullivan on +44(0)113 289 4656 or Katharyn Froggett on +44(0)113 289 4155.

Yours faithfully
For and on behalf of the Companies

A handwritten signature in black ink, appearing to read 'Rob Hunt', with a horizontal line underneath it.

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. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

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.

Robert Jonathan Hunt, Ian David Green and Paul David Copley have been appointed as joint administrators of Phosphorus Holdco plc 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	Phosphorus Holdco plc
	Estimated recovery for secured creditors <i>(creditors with security in respect of their debt, in accordance with Section 248 IA86)</i>						
Estimated total debt:	£19,810,000	RCF					Nil (Note 1)
	£430,000,000	Super senior notes					
Estimated % recovery for secured creditors :	100% for RCF lenders and between 10% and 20% for the super senior noteholders (see Section 5.9 for more detail)						Nil
Forecast timing:	12 months +						Nil
	Estimated dividend prospects for preferential creditors <i>(former employees (for unpaid wages up to £800 and holiday pay only) and unpaid pension contributions in certain circumstances)</i>						
Amount owed to preferential creditors: <i>(as per the statement of affairs)</i>	£3,408,814	Note 2					
Estimated % recovery for preferential creditors:	100%	Note 2					
Forecast timing:	12 months	Note 2					
	Estimated dividend prospects for unsecured creditors <i>(creditors who are neither secured nor preferential)</i>						
Amount owed to unsecured creditors: <i>(as per the statement of affairs)</i>	£168,069,816	£69,220,516	£92,428,369	£801,796,910	£561,308,251	£44,220,422	£278,025,310
Estimated % recovery for unsecured creditors:	Less than 0.4%	Nil	Nil	Less than 0.1%	Nil	Less than 1.4%	Nil
Forecast timing:	12 months +	Nil	Nil	12 months +	Nil	12 months +	Nil

Note 1 There are no creditors with security registered against Phosphorus Holdco Plc.

Note 2 All employees are contracted with Phones 4U Limited. We comment in Section 5.9 on a recent tribunal ruling that may materially affect this figure.

5. Background, strategy and progress

5.1 Background

The Companies are part of the Phones 4U Group formed in 1996 with the incorporation of Phones 4U Limited. The remaining Group companies were incorporated between 2003 and 2011.

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 Dixon 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. The three main trading businesses are summarised below.

1) Store network (P4U)

P4U is the main trading company and principal employer for the whole Group. It encompasses the entire store network, which sold handsets and network contracts on an agency basis in return for commissions on the value of the airtime contract with the network provider. P4U procured 1.7 million connections in 2013.

2) Insurance business (PAS)

PAS is a mobile phone insurance intermediary authorised by the FCA for insurance mediation activities. Insurance was sold through the retail stores of P4U, via telesales and online; and is underwritten by LGI. At the time of our appointment, PAS had in the region of 800,000 customers. We have continued to trade this business during the administration.

3) Mobile network operator (Life Mobile)

Life Mobile is a mobile virtual network operator with airtime supplied by EE, with around 85,000 end user customers. Our proposals for achieving the purpose of the administration of Life Mobile, as well as certain other companies in the Group, are set out in a separate report.

The following is an overview of the other entities covered by this report.

Phones 4 U Group Limited – Shareholder of the main trading company (Phones 4U Limited). We comment later on the level of assets in this company, however an administration appointment over this entity was primarily necessary to access shareholder control over the main trading company in the event it would be required to facilitate transactions and asset recoveries in the wider Group.

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.

Phosphorus Holdco Plc – Issuer of unsecured notes.



The table below gives an overview of the financial performance of the Group in recent years taken from the Group's annual statutory accounts:

	Phones4U Finance plc (Note 1) £millions	Phones 4U Limited £000's	Phones 4 U Group Limited £000's	MobileServ Limited £000's	Phosphorus Acquisition Limited £000's	Policy Administration Services Limited £000's	Phosphorus Holdco plc £000's
Financial year ended 31 December 2013							
Turnover	1,157.9	1,042,417	-	689	-	54,520	-
Gross profit	350.2	293,433	-	689	-	5,117	-
Operating profit/(loss)	45.9	62,968	(1)	(2,275)	1	(1,325)	(25)
Profit/(loss) before tax	43.8	87,235	243,186	254,279	(14,128)	115,685	65,305
Profit/(loss)	36.5	67,169	243,166	274,566	(10,883)	107,530	65,305
Financial year ended 31 December 2012							
Turnover	1,140.9	963,686	-	-	306	31,188	-
Gross profit	391.5	302,225	-	-	306	7,179	-
Operating profit/(loss)	73.3	67,259	(1)	(3,676)	143	(3,584)	(1)
Profit/(loss) before tax	24.4	88,810	79	(83,397)	(9,809)	30,717	(1)
Profit/(loss)	17.0	65,104	60	(60,323)	(7,406)	21,525	(1)
Period ended 31 December 2011							
Turnover	687.1	773,305	-	-	-	29,590	-
Gross profit	244.6	256,169	-	-	-	8,370	-
Operating profit/(loss)	54.8	57,270	-	(2,300)	(143)	327	-
Profit/(loss) before tax	18.7	113,427	54	(60,691)	(5,330)	33,562	-
Profit/(loss) (Note 2)	7.3	92,445	40	(47,622)	(3,918)	24,084	-

Note 1 The accounts of Phones4U Finance plc are consolidated accounts for the Group

Note 2 The figures for Phones4U Finance plc for the financial year ended 31 December 2011 are for a 10 month period only



5.2 The circumstances giving rise to our appointments

Following the expiry of the O2 contract in January 2014, P4U had two ongoing network agreements with Vodafone and EE. On 6 August 2014, Vodafone gave notice of their intention not to renew their existing network deal. This meant that P4U would have been entirely reliant on EE for its network connections (with the exception of Life Mobile) and therefore would have breached certain terms of the current EE agreement. On 12 September 2014, EE similarly gave notice that they did not intend to renew their current network agreement.

Without network support, restructuring the business was not viable. The Group was about to enter a working capital cycle with significant outgoings on trade payables and stock inventories and there was an increased and considerable likelihood that eventually the Group would run out of cash.

Faced with the almost inevitable insolvency of the Group, the directors concluded that they had no choice but to appoint administrators. Consequently, on 15 September 2014 we were appointed joint administrators of the Group with the exception of PAS and Phosphorus Holdco plc, for which our appointments followed on 16 September 2014 and 8 October 2014 respectively.

5.3 Pre-administration costs

Before our appointment, we were engaged by the Group to undertake strategic contingency and insolvency planning. Specifically, we invested time in the following key areas:

- Discussions with the directors in relation to the current position of the Companies and the process required to place the Companies into administration;
- Consultations with lawyers in relation to placing the Companies into administration;
- Statutory and planning work in relation to the administration appointments, including internal compliance and risk procedures;
- Reviewing business operations in order to understand the most effective way to take control of the business;
- Developing strategic priorities for taking control, any short-term trading and possible sale/exit procedures of the business;
- Mobilisation and briefing of our team; and
- Preparing communications for employees, stakeholders and other affected parties.



Elements of this work were incurred with a view to the Companies entering administration and were necessary in order for them to do so in an orderly manner and for the benefit of creditors. This preparatory work also ensured that we understood the business and could therefore rapidly progress any potential sale of its business and assets (in whole or part) that may be possible. We discuss later the sales that were achieved in the days following our appointment.

Fees of £253,000 were paid by the Group prior to appointment and include payment for work that could be categorised as 'pre-administration' costs as defined in insolvency legislation. The Group also discharged the legal fees incurred as part of the same scope of work. Consequently, there are no unpaid pre-administration costs that require approval for payment as expenses of any of the administrations.

5.4 Connected party transactions

In accordance with Statement of Insolvency Practice #13, we are required to disclose any known connected party transactions that occurred in the period of two years preceding our appointment, in the period following our appointment or any proposed transactions.

Connected party transactions principally relate to the acquisition of company assets by its directors and we have a duty to investigate whether any disposal of assets was conducted at less than market value. We can confirm that there have been no connected party transactions in the period after our appointment, and no such transactions are envisaged.

We are aware that certain directors entered into Loan Facility Agreements in February this year 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 as shown in Section 10. The table below provides more information.

Required information	Details of transaction
Date of the transaction	13 February 2014
Nature of the transaction	Loan Facility Agreements to provide funding for the acquisition of shares in Phosphorus Jersey Limited
Name of counterparty, nature of relationship and consideration for the transaction (<i>balances outstanding as at 31 August 2014</i>)	<p>There are five members of the Group's Board / senior management team that entered into these agreements.</p> <p>The counterparties are considered to be connected parties within the meaning of s249 IA86.</p> <p>The total amount outstanding is £460,000.</p>
Advisor to the company	Dickinson Minto
Advisor to the counterparties	Not known

We will provide an update in our next report on the outcome of our investigations on this matter.



5.5 Strategy and progress to date

Phones 4U Limited

Following our appointment and with the benefit of knowledge and information gathered in the preceding few days, our key priorities were to:

- secure the company's assets (principally cash balances and stock);
- establish effective channels of communication for employees, external stakeholders and customers;
- engage with key stakeholders to the business to establish options around continued trading; and
- engage with parties who might be interested in acquiring all or part of the business.

Other urgent workstreams included securing access to the company's books and records, and gathering information regarding the large property portfolio and receivables due from network operators.

1) Sale of store network

At the date of our appointment, there were 563 stand-alone stores, with a further 161 concessions located in Dixons Carphone outlets. The entire store network had been closed prior to our appointment and we kept all stores closed whilst we held urgent discussions with interested parties and key suppliers.

Having entered into discussions with key stakeholders to the business immediately upon our appointment, we assessed that it would not be possible to re-open the stores and restart trading given the high daily operating costs, lack of clarity on the ownership of stock and other material operational and financial uncertainties. We further concluded in our discussions with key stakeholders that there was no credible option available to rescue the Group.

Therefore, we focussed on negotiations with interested parties to complete sales of various parts of the store network; with a view to maximising realisations from lease premiums and stock; and safeguarding jobs for the company's employees.

As was widely reported, in the days following our appointment we successfully completed transactions with Vodafone and EE. The following table summarises the effect of these deals and the current position generally.

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
Opening position	563	4,523	£15.0m

Shortly after our appointment, we were pleased to announce we had agreed for the transfer of all staff working in the concession outlets to Dixons Carphone. The sales to Vodafone and EE were subject to court approval to release the security held on behalf of the secured creditors, which was obtained.



Unfortunately, there was limited interest in the remainder of the estate as ongoing businesses (365 stores) or any material subset of stores, resulting in the necessary decision to close these stores permanently, with 2,503 staff employed at these locations being made redundant or leaving of their own accord. Further information on employees is given later in this report.

We have appointed Prime Retail as our advisors in relation to the remaining property portfolio and its role is to assist in identification and realisation of any value from the leasehold estate. We are seeking the return of properties to landlords as quickly as possible (and typically by informal surrender in order to minimise costs) where there is no - or unlikely to be any - credible third party interest in the leases that provides value for creditors.

The current estimated realisation from the leasehold portfolio is £940,000. Prime Retail has identified potential premiums from the assignment of 21 stores within six package deals with retailers. Whilst these deals are at various stages in the process the current potential realisation is estimated at £790,000.

In addition, we have surrendered three stores to landlords, realising £100,000; and two further transactions (with a potential value of £50,000) are at an advanced stage.

2) Cash

At the date of our appointment, the bank balance in P4U (held with Lloyds Bank) was in the region of £126m. We took immediate action to secure this balance and to establish whether there were any third party proprietary rights or likely claims on the balance.

Lloyds was the beneficiary of an omnibus set-off agreement, entitling it to utilise the available cash balance to discharge overdraft positions in MobileServ Limited (£19.6m) and Life Mobile Limited (£14m). The following is a summary of the outcome.

Company	Net cash on appointment (£m)	Cash after set-off (£m)
P4U	126	92
PAS	14	14
MobileServ Limited	(15)	5
Total	125	111

3) Stock

On appointment, the Group held stock with a book value of £89m in a number of locations across the UK. Consequently, and in view of the decision not to re-open any of the closed stores, it was critical that this stock was quickly secured to maintain its value.

Once the value and location was established (see following table), we began a large-scale stock repatriation exercise to move stock from stores to the main warehouse. We appointed specialist agents to assist us with this exercise and made agreements with transport and repair providers in respect of stock held by them.

To avoid incurring significant costs in managing stock that may later have been determined to belong to third parties, we also negotiated a contribution to costs from key suppliers, which we are able to retain in the event that valid ROT claims are established.

Location	Book value (on appointment) £m
Stores	34
Warehouse	47
In transit or at repair provider	8
Total	89
Sold to Vodafone	(7)
Stock to realise	82
<i>Of which (belongs to):</i>	
P4U	73
PAS	9
Total stock *	82

* Subject to ROT claims (see below)

We are pleased to confirm that the clearance of stock from stand-alone stores was completed on 14 October 2014. The clearance of concession stores was completed on 24 October 2014.

As highlighted above, ROT claims have been made over a significant proportion of the stock. An ROT claim is a claim by a supplier of goods that ownership has not passed to the buyer as a result of agreed contractual provisions between the parties, and arises most commonly due to unpaid debts.

We are in the process of reviewing ROT claims and, given their magnitude, we are taking legal advice in order to ensure that any invalid or unsound claims are defended accordingly on behalf of the general body of creditors.

Any successful ROT claims will impact the value of stock available. Where it is clear that stock is not subject to an ROT claim, we have accelerated the marketing process and have recently completed the sale of Apple handsets with a book value of £29.4m. We continue to seek to maximise realisations from the residual stock.

4) MNO receivables

P4U had agreements with several network providers in which P4U would procure connections for mobile providers and would receive commissions for each connection (a net revenue sharing arrangement on the customer lifetime value of that connection less the cost of sale).

The potential value of the MNO receivables is commercially sensitive and it depends on several variables, including unknown future events.

We have positioned the company to maximise collections by not pursuing asset sales that might prejudice the value of the receivables, understanding the legal rights in relation to each contract, preserving key records and retaining critical staff.

We have agreed a strategy for each counterparty which we are now progressing in order to maximise realisations in this area. We have agreed incentive arrangements with certain current and former employees of the Group to support us in maximising realisations.



5) Other assets

We have been liaising with interested parties in relation to other assets owned by the company including IT hardware, software licences and fixtures and fittings. We will provide an update on our progress in our next report to creditors.

6) 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. The following summary shows the effect of the store closures and transfers to third parties.

Transaction	Store network	Head office	Total
Transferred to Vodafone	877	-	877
Transferred to EE	356	21	377
Transferred to Dixons Carphone	788	22	810
Redundancies & other leavers	2,502	914	3,416
Retained staff (as at 23 October 2014)	-	112	112
Opening position	4,523	1,069	5,592

As confirmed earlier, redundancies across the store network were unavoidable following a lack of third party interest in acquiring the remaining stores as ongoing businesses.

Central and head office staff have been invaluable in helping us progress the many (and often complex) areas of work. However, given the reduction in the Group's trading, a large number of these positions quickly became no longer required and, to date, 914 staff have either been made redundant or left of their own accord.

Immediately following appointment, we contacted the Rapid Response Unit (Job Centre Plus) in England and its equivalent in Scotland, Wales and Northern Ireland to provide support for the employees. A job fair was held in Stoke on 7 October 2014 in which local employers attended and a further one will be held at the P4U head office in due course. We have also been providing consultations with employees and will continue to do so for as long as required.

In order to expedite statutory payments where possible and to provide necessary information, we have been in regular contact with the Redundancy Payments Services.

Key employees have been retained to assist us with various tasks, including the stock repatriation exercise and collection of MNO receivables. We have also retained the customer services call centre to support the management of customer calls. It is currently unknown how long we will require the remaining employees for.

7) Pre-appointment VAT liabilities

At the date of our appointment, P4U had accrued a VAT liability of £38.5m relating to MNO commissions payable in the future. Our investigations to date have revealed a potential conflict between VAT and insolvency legislation, such that it is presently unclear whether this significant sum will be an expense of the administration or an unsecured claim.



Our internal VAT specialists are continuing to investigate the matter and are seeking the advice of VAT legal professionals to support discussions with HM Revenue & Customs. However given limited precedents, there is a reasonable prospect that court directions may be required to resolve this issue.

Policy Administration Services Limited

PAS is a FCA authorised insurance intermediary for mobile phone insurance. The two insurance plans administered are Premierplan and Phones 4 U Care, which together had approximately 800,000 policyholders at the date of our appointment.

Our preparatory work prior to administration indicated that this business had a reasonable prospect of being able to continue profitable trading following the appointment of administrators. Accordingly, our immediate priority was to stabilise the business and communicate with employees and key suppliers, thereby preserving value in the business. We can confirm that the business has continued to trade profitably during the administration.

The insurance policies continue to be underwritten by LGI and customers' mobile phone insurance policies remain valid with LGI.

The Phones 4U stores were used to deal with the majority of claims and, as a result of their closure on administration, we worked with key stakeholders to centralise claims processing.

We also made a stock purchase after our appointment in order to fulfil open and ongoing insurance claims. We have also secured stock from the stores and held at the main warehouse, which are now available to fulfil insurance claims. Stock forecasts are monitored and purchases will continue to be made to meet business needs.

These actions have helped to minimise any disruption in the processing of ongoing customer claims which continue to be made on a business as usual basis.

We have received several indicative offers from parties interested in acquiring the business and assets. Although no formal timeframe for a sales process has been set, we continue to evaluate any offers and all other possible options to realise best value for the business and assets of PAS. This includes evaluating an option whereby we may run off the book within the administration.

Other companies

Above we have provided details on the administration of the main trading companies, P4U and PAS. We set out below further information on the other companies that are the subject of these proposals.

In broad terms, our work on these companies was conducted in parallel to our work on P4U and PAS, in particular securing and taking control of their assets as soon as possible. Details of the assets realised to date are provided below:

Assets (£'000s)	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Phosphorus Holdco plc
Cash at bank	-	5	4,020	69	14
Other	-	-	207	-	-
Total realised	-	5	4,227	69	14



In addition, MobileServ Limited also held foreign currency accounts with balances of €988k and US\$15k.

The enclosed directors' statements of affairs indicate that there may be further assets still to realise in relation to certain of these companies. We will continue to pursue these assets and will provide an update to creditors in our first progress report.

5.6 Noteholders

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

As it is envisioned that the RCF will be repaid in full and that the proceeds of the administrations will be insufficient to repay the Notes in full, the Noteholders are expected to be the party with the primary economic interest in the progress and outcome of the administrations.

The Notes have continued to trade actively following our appointment and while ownership is regularly changing, it is currently concentrated amongst a new set of investors, principally distressed debt funds. In order not to risk limiting their ability to trade, the current Noteholders have to date been unwilling to join a secured creditors' committee at which non-public information is provided.

Given the complexity of this situation, the standard procedures administrators would traditionally adopt when dealing with secured creditors have not been possible. For example, where it is necessary to obtain secured creditors' consent for the release of certain security (required when conducting the sale of assets covered by a fixed charge), administrators commonly deal with a limited and static population of secured creditors and the process for obtaining such consent is straightforward. In the case of Phones 4u, the procedures by which this would be achieved were stipulated within agreements connected to the issue of the Notes.

Accordingly, we have been in communication with the relevant parties to those agreements, including the Security Trustee and Senior Note Trustee (Citibank N.A.) in order to determine how those agreements can be implemented in the current situation. Unfortunately it has become clear that certain of the procedures envisioned within those agreements were not practically feasible within the timeframe required.

As such it was necessary to apply to the Court to obtain the release of Noteholders' security, necessary for the completion of certain of the transactions executed shortly following our appointment. A procedure is now in place, which we hope will avoid the necessity for any similar Court applications in future.

Given the fluid population of Noteholders and their unwillingness to join a private committee, we have not been able to keep secured creditors informed through the traditional forum of private meetings. However, despite not wanting to receive non-public information, Noteholders have been extremely proactive in communicating with us in order to better understand the Companies' position. We have received over 500 questions via emails from well over 100 separate parties and additionally continue to receive telephone calls multiple times a day.



In order to address these queries and to allow the operational aspects of the administration to progress more efficiently, we have a team focussed on liaising with the Noteholder community. We have held public calls to update Noteholders and each of which has attracted up to 400 attendees. However, we are aware that non-Noteholders also dial in to these calls, including many members of the press.

In order to communicate more effectively with the Noteholder community and to regularise communication channels going forward, we held a meeting for those parties evidencing themselves as Noteholders at which further information regarding the progress of the administrations was provided and the establishment of an informal Noteholder committee (the “Committee”) was announced.

The Committee comprises four Noteholders which (at the time of the Committee’s formation) collectively owned well in excess of 50% of the value of the Notes and will operate as a consultative body based on public information, unless specifically agreed otherwise and appropriate steps are taken subsequently to make public any private information. Public calls with the broader Noteholder community and releases of information on our dedicated website will continue but it is hoped that establishment of the Committee will provide us with an efficient and effective way to deal with the Noteholder community going forward.

As we have formed the view that the Companies have insufficient property to enable a distribution to be made to unsecured creditors (other than potentially by virtue of the prescribed part as provided for by Section 176A IA86), the secured creditors will be responsible for determining the basis of our remuneration and certain other matters in the administrations. For Phosphorus Holdco plc (where there are no secured creditors), in due course we may call a creditors’ meeting in order to appoint a creditors’ committee to deal with these matters. We will report to the general body of creditors on these matters in due course.

5.7 Investigations

Group companies excluding Phosphorus Holdco plc

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. 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 identified a number of areas for further investigation, which are likely to include a review of distributions to shareholders, directors’ conduct and negotiations with, and the conduct of, the MNOs.

We have instructed the law firm Quinn Emmanuel Urquhart & Sullivan to assist us in our investigations in this area. However, it is too early to form any assessment on what action may be possible or necessary, or the likely outcome. We will provide an update in our next report.

Phosphorus Holdco plc

Phosphorus Holdco plc has no material assets beyond any potential litigation-related recoveries and is not part of the Noteholders’ security net. Accordingly, in order for there to be investigations and litigation, we will need to secure funding which is separate to other Group assets and appoint different legal advisors. We are currently assessing the possibility of doing this and we would invite any creditors with a view on this subject to come forward and discuss this with us.



5.8 Objective of the administrations

In these administrations it is not considered possible to rescue any of the Companies as going concerns. Therefore, for each of the Companies, our strategy aims to ‘achieve a better result for the company’s creditors as a whole than would be likely if the company were wound up (without first being in administration)’. This is ‘objective (b)’ as referred to earlier and the table below explains how we currently envisage this objective will be achieved in each administration.

Further investigations following our appointment indicate that Phones 4 U Group Limited has negligible assets (if any). This is supported by the recently received directors’ statement of affairs. However, it does fall within the Group’s security net and therefore its creditors will benefit from any effect arising from this company being in administration. If our work concludes that we cannot reasonably achieve ‘objective (b)’, we may make arrangements to bring the administration of Phones 4 U Group Limited to an end.

Company	How we will achieve the purpose of the administration (“objective (b)“):
Phones 4U Limited	<p>The ability for the administration appointment to take effect immediately following widespread reports in the media allowed us to take control of the company’s affairs and take the necessary immediate steps to preserve value in the business. In particular, we were able to secure large cash balances and reach agreements with third parties for the realisation of assets and transfer of large numbers of employees which avoids contractual claims following redundancy.</p> <p>In addition, the control and repatriation of stock was required without delay in order to mitigate the risk of its value eroding. As administrators, we have also been able to retain key employees to support us in managing the remaining work streams as cost effectively as possible.</p>
PAS	<p>The speed of the appointment (as referred to above) was also critical here, in particular due to our strategy to continue trading during the administration. It was important that business could continue seamlessly and without disruption, despite the appointment of administrators.</p> <p>We believe the options available to us (including a potential sale of the business and assets as a going concern) will generate enhanced net realisations above what would have been achieved in a break-up or liquidation scenario.</p>
MobileServ Limited	<p>As a result of the companies being in administration, we were able to quickly access, secure and take control of the assets of each respective company, thereby preserving value to creditors. As these companies fall within the Group’s security net, we have been able to take control of these assets for the benefit of secured creditors as a whole.</p>
Phones4U Finance plc	
Phosphorus Acquisition Limited	
Phones 4 U Group Limited	
Phosphorus Holdco plc	<p>As a result of the company being in administration, we were able to quickly access, secure and take control of the assets, including an early assessment of any intangible assets or claims.</p>



5.9 Outcome for creditors

Secured creditors

As explained earlier, a significant proportion of the Companies creditors are Noteholders of £430m senior secured notes issued by Phones4u Finance plc and listed on the Irish Stock Exchange. The Notes are secured by a debenture (the Senior Note Trustee being Citibank N.A), over substantially all of the property and assets of certain companies in the Group and the only material parties to which they are contractually subordinate are the lenders under the RCF (the Security Trustee being ING Bank N.V).

Debt due under the RCF relates to three letters of credit, none of which had been demanded at the time of our appointment. However, two have since been demanded, equating to debt of £15.8m. The final letter of credit continues to be a contingent secured liability in the region of £4m.

We expect that the RCF liability will be paid in full. However, absent substantial recoveries from litigation, we expect that the proceeds of the administrations will be insufficient to repay the Notes in full. Consequently, the Noteholders are expected to be the party with the primary economic interest in the progress of the administrations.

In overall terms, we have indicated that the Noteholders may recover in the region of 10% to 20% of their debt, although this excludes any potential recoveries from the MNO receivables or our investigatory work. For illustrative purposes only, it does include the effect of the VAT liability being paid as an expense of the administration.

Estimated dividend prospects

Preferential creditors

Preferential claims principally relate to claims for arrears of wages (subject to statutory limits) and unpaid holiday pay. We expect that all preferential creditors will be in P4U as it was the principal employer for all of the Group's employees. The directors' statement of affairs shows these claims to total £3.4m and we expect to be able to pay them in full in due course.

However, on 4 November 2014, the Employment Appeal Tribunal ruled that (in certain circumstances) employees who worked overtime can make backdated claims (for a limited period) in relation to additional holiday pay. This ruling could be referred to the Court of Appeal in which case a final decision may not be known for several years. We are currently assessing any potential impact on the level of preferential creditors in P4U.

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. But it only has to be made available where the floating charge was created on or after 15 September 2003. 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 (excluding Phosphorus Holdco Plc) as there is a floating charge created after 15 September 2003. We outline below what we believe the dividend prospects may be for each of the Companies.

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.

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
Phones 4 U Group Limited	✗	Nil	£69m	Nil
Phones4U Finance plc	✗	Nil	£92m	Nil
Phosphorus Holdco plc	✗	Nil	£278m	Nil

* Based on directors’ statement of affairs



5.10 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). In the next section we set out the exit routes likely to be applicable, based on current expectations.

Each administration will be brought to an end once its purpose has been achieved, our work has been completed and statutory obligations fulfilled.

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 six month extension to the administrators' term in office. On these cases, we will continue to monitor the progress of our appointments and will apply for extensions as appropriate.

6. Our proposals for achieving the purpose of administration

Our proposals for achieving the purpose of each administration are as follows:

- i). We will continue to manage and finance the company's business, affairs and assets from trading revenues (where relevant) and asset realisations as we consider appropriate. We will do this with a view to achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration).
- ii). We may investigate and, if appropriate, pursue any claims the company might have. We will also do anything else we think appropriate, to achieve the purpose of the administration or to protect and preserve the company's assets or to maximise realisations or for any other purpose incidental to these proposals.
- iii). If we believe there will be funds available for unsecured creditors, we may (at our discretion) agree in principle the claims of unsecured creditors for confirmation by a subsequent liquidator or ourselves (as administrators). The costs of doing this may be charged to the administration, as part of our fees, or paid out of the prescribed part, depending on whether or not there will be a dividend for unsecured creditors other than the prescribed part. If we choose not to agree the claims in principle and there are funds for unsecured creditors, a subsequent liquidator will agree the claims.
- iv). If we believe there will be funds for unsecured creditors, we may (at our discretion) ask the court to allow us to pay dividends to those creditors. If we choose not to ask the court for such an order and there is enough money for unsecured creditors, a subsequent liquidator will pay dividends to them.
- v). If we believe the cost of paying a dividend under the prescribed part would be disproportionate to the benefits, we will consult the creditors' committee, if one is formed, before applying for a court order not to make the prescribed part available to unsecured creditors.
- vi). We may use one or more "exit route" strategies to end the administration, but we are likely to choose the following options as being the most cost effective and practical in this case:-
 - a) If there are insufficient funds to pay a dividend to unsecured creditors, once we have finished our work we will file a notice with the Registrar of Companies and the company will be dissolved three months later.
 - b) If there are sufficient funds to pay a dividend to unsecured creditors, once we have disposed of all the assets and finished our work, we will put the company into creditors' voluntary liquidation. If this happens (and where relevant) we propose that:
 - Robert Jonathan Hunt, Ian David Green and Robert John Moran are appointed joint liquidators of Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited and Phosphorus Acquisition Limited
 - Robert Jonathan Hunt, Ian David Green, Dan Yoram Schwarzmann and Douglas Nigel Rackham are appointed as joint liquidators of Policy Administration Services Limited.
 - Robert Jonathan Hunt, Ian David Green and Paul David Copley are appointed joint liquidators of Phosphorus Holdco Plc.



We also propose that any act required or authorised to be done by the Joint Liquidators can be done by any or all of them. Creditors may, before these proposals are approved, nominate a different person or persons as liquidators, in accordance with Paragraph 83(7)(a) Sch.B1 IA86 and Rule 2.117A(2)(b) IR86.

Given the size and complexity of these administrations, particularly in the context of the Group as a whole, we believe that the appointment of the administrators as liquidators of the company will avoid any unnecessary delays in progressing matters as quickly and cost effectively as possible. In addition, there are critical interdependencies on infrastructure and other central functions (with P4U); and the Companies may have a beneficial interest in potential causes of action against third parties; which we are currently progressing in our capacity as administrators over each company in the Group.

- c) Once we have finished disposing of the assets we will apply to the court for permission to pay any surplus funds to unsecured creditors. If this is granted, we will end the administration by filing a notice with the Registrar of Companies and the company will be dissolved three months later. If we do not get permission we will put the company into creditors' voluntary liquidation in accordance with paragraph (b) above or comply with the terms of any court order where different.
- vii). We will be discharged from liability in respect of any of our actions as administrators at a time set by the secured creditors or if a dividend has been or may be paid to the preferential creditors, at a time set by the secured and preferential creditors; or at a time set by the court.
- viii). It will be for any committee to determine the basis of our remuneration and policy for recovering disbursements for services provided by our own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9). If no committee is formed (and as we have formed the view that the company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than by virtue of Section 176A IA86), it will be for the secured creditors and if applicable, preferential creditors, to determine these instead.

At the present time we believe that our remuneration will be fixed by reference to a combination of the following:

- a) time properly given by the Administrators and their staff in attending to matters arising in the administration;
- b) as a set amount; and
- c) a percentage of the value of the property with which we have to deal.

We may apply to the Court to fix our remuneration and disbursements no later than 18 months after the date of our appointment, if not determined in the manner set out above by that time.



A statement of creditors' rights in relation to administrators' remuneration and expenses and the rights to request further information can be found 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.

7. Statement of affairs

We were given a statement of affairs of the Companies on 22 October 2014, following the granting of an extension for their submission.

Our comments on the statement of affairs are as follows:-

- As is normal in a statement of affairs, there is no provision for the costs of realising the Companies' assets or the costs of the administration.
- We have not audited the information.
- The directors were assisted in preparing the statements of affairs by their auditors, KPMG. A fee of £50k was agreed for this work.
- The statement of affairs for Phosphorus Holdco Plc shows investment assets being subject to fixed charge security. However, as stated in Section 4, we are not aware of any secured creditors in this case. We will update creditors in due course if this position changes.
- The statement of affairs of Phones 4U Limited shows cash at bank with a book value of £127.6m and an estimated to realise value of £73.6m. The principal reasons for the difference are the overdraft set-offs and contingent RCF exposure (£19.8m) on letters of credit, as discussed in Section 5.
- The statement of affairs for MobileServ Limited shows an amount due to P4U of £19.6m in relation to a subrogated secured claim following P4U discharging MobileServ's obligation under the RCF facility. We have recently received legal advice to confirm that P4U will not be able to recover this amount by way of a secured claim.
- In relation to Phones 4U Limited only, a summary (rather than a copy) of the statement of affairs has been included because there are sensitive issues connected to ongoing negotiations that could have a material impact on the outcome for creditors. We have sought legal advice and an application to court (pursuant to Rule 2.30 IR86) to redact the commercially sensitive elements has been made and the outcome is pending.
- For similar (but less material) sensitive commercial reasons, we make no comment on what the directors have put for the potential realisable values for the Companies' other assets.

We attach at Section 11 copies of the statement of affairs (in summary form for P4U) and as required by law, it includes details of the names, addresses and debts of creditors (including details of any security held). The statements of affairs are contained in separate documents when viewed on our website.

We recognise creditors may want to contact each other to discuss certain aspects of the case. If you need more information to be able to do this, please get in touch with my colleagues Chris Dent on +44(0)113 289 4092, Michael Sullivan on +44(0)113 289 4656 or Katharyn Froggett on +44(0)113 289 4155. Alternatively, you may email your request to creditorsenquiries@uk.pwc.com with the name of the company in the title and including your name and your company name (if applicable) in the email.

As previously stated, please note that customers may not be shown as a creditor on the directors' statement of affairs. This does not necessarily mean you are not a creditor or affect your ability to claim. All claims will be checked to the company records as and when appropriate.

8. 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	Phosphorus Holdco plc
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	7184 of 2014
Company number:	03154198	04943837	07552754	05863265	07405102	03907386	07479181
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	Timothy J Whiting John E Morris Phillip David Dobson Steven Lloyd David N Kassler
Company secretary:	Steven Lloyd						
Shareholdings held by the directors and secretary:	Not applicable						
Appointment date:	15 September 2014					16 September 2014	8 October 2014



Full name:	Phones 4U Limited	Phones 4 U Group Limited	Phones4U Finance plc	MobileServ Limited	Phosphorus Acquisition Limited	Policy Administration Services Limited	Phosphorus Holdco plc
Administrators' names and addresses	Robert Jonathan Hunt PwC, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT Ian David Green and Robert John Moran PwC, 7 More London, Riverside, London, SE1 2RT					Robert Jonathan Hunt Ian David Green <i>(addresses as shown on the left)</i> Douglas Nigel Rackham Dan Yoram Schwarzmann <i>(both of the London office address as shown on the left)</i>	Robert Jonathan Hunt Ian David Green <i>(addresses as shown on the left)</i> Paul David Copley <i>(London office address as shown on the left)</i>
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) - 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)						
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.						

9. Receipts and payments accounts

Phones 4U Limited – in administration
From 15 September 2014 to 30 October 2014

	Receipts and payments £
Floating charge	
Receipts	
Accrued income	-
Amounts related to stock*	20,503,592.75
Book debts	1,172,170.54
Cash at bank	92,967,951.25
Contributions to rent	3,606,912.48
Contributions to wages	447,000.00
Intercompany debtors	-
Interest received gross	7,531.00
Lease premiums	75,000.00
Miscellaneous receipts	27.79
Office equipment	100.00
Pre-payments	-
Rates refunds	220,905.14
Other refunds	51,547.46
Sale of business	14,218,577.86
Subrogated claims	-
Tangible fixed assets	-
Third party funds	289,402.74
Trade debtors	-
Output VAT	66,178.71
Total receipts	133,626,897.72

* includes sale proceeds and contribution to stock repatriation costs



Phones 4U Limited – in administration
From 15 September 2014 to 30 October 2014

	£
Payments	
Bank charges	(12,439.43)
Consultancy fees	(251,121.79)
Duress payments	(1,130,140.12)
Employee expenses	(34,390.00)
Employers NIC	(420,329.42)
Gross wages and salaries	(5,346,193.78)
Insurance	(9,563.33)
IT costs	(1,417,058.42)
Lease/hire charges	(580.40)
Other payroll deductions	(67,411.59)
Purchases	(9,481.58)
Rent	(2,940,421.75)
Security costs	(68,000.00)
Service charges	(169,641.06)
Statutory advertising	(227.46)
Storage costs	(79,298.68)
Input VAT	(178,081.70)
Total payments	(12,134,380.51)
Net floating charge realisations	121,492,517.21
VAT control account	(17,038.07)
Balance held in interest bearing current accounts	121,475,479.14
Represented by	£
Held in Barclays	56,406,436.38
Held in Lloyds	64,742,830.98
Held in Santander	326,211.78
Total	121,475,479.14

Note: Input and output VAT figures including amounts potentially irrecoverable which are being reviewed.



Phones 4 U Group Limited – in administration
From 15 September 2014 to 30 October 2014

	Receipts and payments
	£
Floating charge	
Receipts	
None	-
Total receipts	-
Payments	
None	-
Total payments	-
Net floating charge realisations	-
VAT control account	-
Balance held in interest bearing current account	-
Represented by	£
Held in Barclays	-
Held in Lloyds	-
Total	-



Phones4U Finance plc – in administration
From 15 September 2014 to 30 October 2014

	Receipts and payments
	£
Floating charge	
Receipts	
Cash at bank	4,758.97
Intercompany debtors	-
Total receipts	4,758.97
Payments	
Bank charges	(2.00)
Total payments	(2.00)
Net floating charge realisations	4,756.97
VAT control account	-
Balance held in interest bearing current account	4,756.97
Represented by	£
Held in Barclays	-
Held in Lloyds	4,756.97
Total	4,756.97



MobileServ Limited – in administration
From 15 September 2014 to 30 October 2014

	Receipts and payments
	£
Floating charge	
Receipts	
Cash at bank (Sterling account) *	4,020,292.95
Directors' loan account	-
Intercompany debtors	-
Interest received gross	207,103.39
Total receipts	4,227,396.34
Payments	
Bank charges	(61,139.35)
Total payments	(61,139.35)
Net floating charge realisations	4,166,256.99
VAT control account	-
Balance held in interest bearing current account	4,166,256.99
Represented by	£
Held in Barclays	-
Held in Lloyds	4,166,256.99
Total	4,166,256.99

* MobileServ also holds two currency accounts, as follows:

US Dollar account	\$15,157.68
Euro account	€988,466.66



Policy Administration Services Limited – in administration
From 16 September 2014 to 30 October 2014

	Receipts and payments
	£
Floating charge	
Receipts	
Accrued income	-
Book debts	-
Cash at bank	13,825,702.60
Customer accounts	-
Interest received gross	369.47
Prepayments	-
Stock	-
Trading account balance (see attached)	1,177,389.76
Total receipts	15,003,461.83
Payments	
Bank charges	(19,223.34)
Statutory advertising	(75.82)
Total payments	(19,299.16)
Net floating charge realisations	14,984,162.67
VAT control account	862.79
Balance held in interest bearing current account	14,985,025.46
Represented by	
	£
Held in Barclays	7,569,777.76
Held in Lloyds	7,415,247.70
Total	14,985,025.46



Policy Administration Services Limited – in administration
From 16 September 2014 to 30 October 2014

	Receipts and payments
	£
Trading statement	
Receipts	
Post appointment trading sales	8,414,475.68
Customer refunds	(597,529.00)
Other trading income	5.99
Total trading receipts	7,816,952.67
Payments	
Agents' fees	(1,106,233.24)
Bank charges	(45.00)
Finance charges	(197.82)
Insurance	(4,102,826.48)
IT costs	(8,006.70)
Stock	(1,000,000.00)
Payments under Escrow Agreement	(421,837.00)
Data Protection Act fees	(416.67)
Total trading payments	(6,639,562.91)
Trading account surplus/(loss)	1,177,389.76

Please note that this trading statement is prepared on a cash basis and therefore does not include any accrued and unpaid expenses or unpaid debtors.



Phosphorus Acquisition Limited – in administration
From 15 September 2014 to 30 October 2014

	Receipts and payments £
Floating charge	
Receipts	
Cash at bank	69,472.80
Intercompany debtors	-
Prepayments	-
Total receipts	69,472.80
Payments	
Bank charges	(1.60)
Total payments	(1.60)
Net floating charge realisations	69,471.20
VAT control account	-
Balance held in interest bearing current account	69,471.20
Represented by	
Held in Barclays	-
Held in Lloyds	69,471.20
Total	69,471.20

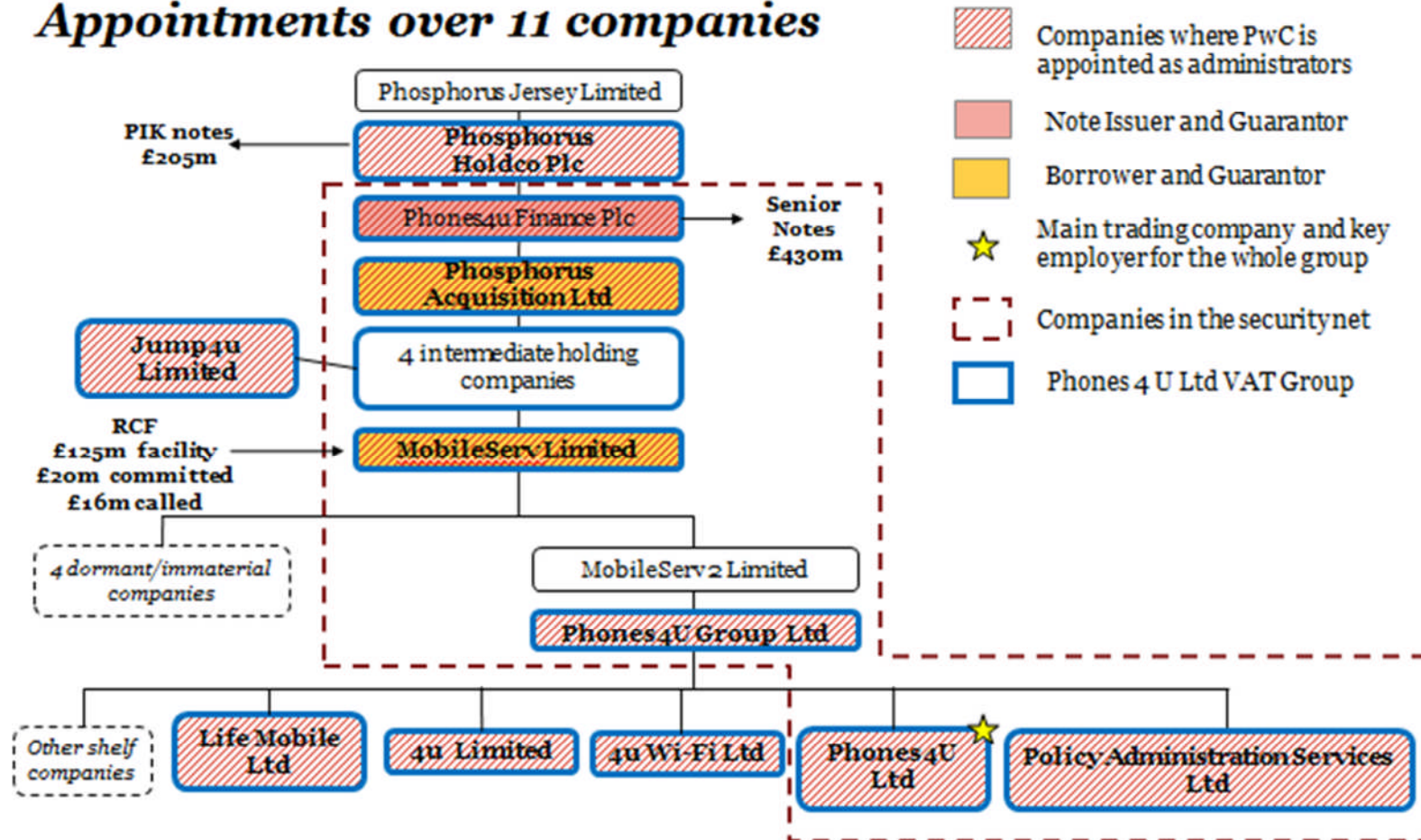


Phosphorus Holdco plc – in administration
From 8 October 2014 to 30 October 2014

	Receipts and payments
	£
Floating charge	
Receipts	
Intercompany debtors	-
Cash at bank	14,423.24
Total receipts	14,423.24
Payments	
None	-
Total payments	-
Net floating charge realisations	14,423.24
VAT control account	-
Balance held in interest bearing current account	14,423.24
Represented by	
	£
Held in Barclays	-
Held in Lloyds	14,423.24
Total	14,423.24

10. Group structure

Appointments over 11 companies





11. Copy of the statements of affairs

This section contains a copy of the directors' statement of affairs for each of the Companies (except P4U where a summary has been prepared).

When viewed on our website, the statements are contained in separate documents.