
Joint administrators' sixth progress report

**Phosphorus Holdco Plc
(in administration)**

High Court of Justice, Chancery Division, Companies Court
Case no. 7184 of 2014
For the period from 7 February 2017 to 6 August 2017

22 August 2017



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1. Key messages

As required by insolvency legislation, this is our sixth report to creditors providing an update on the progress of the administration of Phosphorus Holdco Plc (“the Company”) since our last report dated 3 March 2017.

Phosphorus Holdco Plc is an intermediate holding company in a group containing Phones 4U Limited and related entities that have also entered into insolvency proceedings. Further information is available at www.pwc.co.uk/phones4u.

As explained in our previous reports, the only asset relates to potential claims against third parties. Pre-action correspondence has been issued to potential defendants and we continue to actively progress these claims. The details remain commercially sensitive and therefore this is only a brief update on the ongoing matters.

Whilst we are unable to provide details of our investigatory work, we assure creditors that we continue to invest time and effort for the purpose of generating value for creditors.

Creditors

There are no creditors in the Company that hold security in respect of their debt, in accordance with Section 248 IA86.

Similarly, there are no preferential creditors. All employees in the Group (as defined overleaf) were employed by Phones 4U Limited.

Accordingly, the only class of creditor with an interest in the administration proceedings are unsecured creditors.

In line with previous reports, the prospect of a dividend is wholly dependent on the outcome of any recoveries arising from our investigatory work. It is too early to say whether a dividend will be available, but it is prudent to assume the prospects will be remote.

Action required by creditors

In this report, we explain the work we’ve performed during the period of this report in order to maximise the amount of realisations for the benefit of creditors. Please complete and return (if not already submitted) the enclosed statement of claim form in respect of amounts owed at the time of our appointment. A form is also available to download at www.pwc.co.uk/phones4u.

As previously advised, we now ask creditors to approve the level of our remuneration and we refer you to the enclosed Remuneration Report for review and ask creditors to complete the attached voting form, which should be returned to us at PwC, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 11 September 2017.

If you have any questions, please contact Michael Sullivan on 0113 289 4656.

2. Abbreviations used in this report

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

“the Company”	Phosphorus Holdco Plc
“the Group” or “Phones 4U”	the above Company together with 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 and Policy Administration Services Limited (see www.pwc.co.uk/phones4u for details of insolvency procedures affecting these companies)
“Phosphorus Jersey group”	The group of companies owned by Phosphorus Jersey Limited including the Company and the above Group that entered insolvency proceedings
“the administrators” or “we”	David James Kelly and Ian David Green in respect of Phosphorus Holdco Plc David James Kelly, Ian David Green and Robert John Moran in respect of Phones 4U Limited, Phones 4 U Group Limited, Phones4U Finance plc, MobileServ Limited, Phosphorus Acquisition Limited, 4U Wi-Fi Limited, Jump 4U Limited and Life Mobile Limited Douglas Nigel Rackham and Ian David Green in respect of Policy Administration Services Limited
“Brown Rudnick”	Brown Rudnick LLP
“IA86”	The Insolvency Act 1986
“IR16”	The Insolvency (England and Wales) Rules 2016
“PIK Notes”	£208m aggregate principal amount of Senior PIK Toggle Notes due 2019
“PIK Noteholders”	Holder of the above Notes
“Schedule B1 IA86”	Schedule B1 to the Insolvency Act 1986
“n/a”	Not applicable
“Proposals”	The administrators’ statement of proposals for achieving the purpose of the administration
“secured creditors”	Creditors with security in respect of their debt, in accordance with Section 248 IA86
“preferential creditors”	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances.
“unsecured creditors”	Creditors who are neither secured nor preferential

3. Introduction

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

Company	Date of appointment
Phones 4U Limited*	15 September 2014
Phones 4 U Group Limited*	15 September 2014
Phones4U Finance Plc*	15 September 2014
MobileServ Limited*	15 September 2014
Phosphorus Acquisition Limited*	15 September 2014
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

This progress report covers Phosphorus Holdco Plc only. A separate report has recently been issued to the creditors of the six companies contained within a common security structure (all indicated by * above). On 31 October 2016, a separate progress report was issued to the creditors of 4U Wi-Fi Limited, Jump 4U Limited, Life Mobile Limited (all now in liquidation). The next report for these companies will be due within two months from 1 September 2017. The administration of 4U Limited ended on 10 September 2015 and the company has since been dissolved.

In accordance with Rule 19.6 IR16, we write to provide creditors with details of the progress of the administration in the six months to 6 August 2017.

We refer you to our Proposals for an explanation of why the various companies were put into administration and how the purpose of the each administration is expected to be achieved. Our subsequent progress reports explained the progress in this case since our appointment to 6 February 2017. These reports continue to be available on our website at: www.pwc.co.uk/phones4u, the content of which is not repeated here unless considered beneficial or necessary for the purposes of this update.

We anticipate that our next report will be circulated in approximately six months' time.

Yours faithfully
For and on behalf of the Company



David Kelly
Joint administrator

David James Kelly and Ian David Green have been appointed as joint administrators of Phosphorus Holdco plc to manage its affairs, business and property as agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration. The joint administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

4. Progress in the period

4.1 Brief background

Phosphorus Holdco Plc is the intermediate holding company within the Phosphorus Jersey group, containing Phones 4U Limited (which was one of the UK's leading independent mobile phone retailers and insurance providers). A number of trading and non-trading entities in the group entered administration in September 2014, subsequently followed by Phosphorus Holdco Plc on 8 October 2014.

According to its balance sheet, the Company's sole asset (aside from a small amount of cash at bank) is its significant investments held in the (now insolvent) Group companies. The Company is joint and severally liable for the Group's indebtedness to HM Customs and Revenue (estimated to be in the region of £72m), in addition to its own direct liabilities of £209m which includes £208m owed to the holders of unsecured PIK Notes.

There are no secured or preferential creditors in the administration, nor any who have a proprietary interest in the Company's realisable assets.

4.2 Progress in the period

In this section we focus on progress in the period covered by this report and only repeat details from our previous reports where necessary or beneficial for the purposes of this update.

As previously noted, the only material asset in the administration relates to potential claims against third parties. Our work in the period has focused on securing third party funding to allow us to proceed with a formal legal strategy, liaising with counsel to formulate claims against third parties and issuing pre-action correspondence to potential defendants.

Our other work has principally comprised liaising with PIK Noteholders by way of calls, meetings and notices and fulfilling our statutory obligations including preparing and issuing the sixth progress report for creditors.

4.3 Investigations

As part of our duty to investigate what assets are available to the Company, we consider what potential claims against third parties exist. We appointed the law firm Brown Rudnick LLP to assist us in our investigations in this area, which remain ongoing.

As illustrated in the receipts and payment account included at Section 6, the funds within the administration are limited and therefore in order to proceed with any formal legal strategy we have had to secure funding from a third party, which we obtained in the period.

Pre-action correspondence has been issued to potential defendants and we continue to actively progress these claims. The nature of these third party claims is commercially sensitive and confidential, as such we do not think it would be appropriate to disclose any further information at this stage.



Given the inherent uncertainty of such investigations and the outcome of any potential subsequent causes of action that may or may not result, we are not yet able to estimate the value of any potential recoveries and, indeed, there may be no recoveries ultimately made.

4.4 Statutory and compliance work

In addition to pursuing potential assets of the Company, there are a number of other matters to address when winding-down a company's affairs during an insolvency process including, but not limited to:

- Preparing and circulating progress reports as required by insolvency legislation;
- Regular updates to creditors; and
- Dealing with tax and VAT matters.

Our future work will continue to include these periodic updates to creditors and other matters incidental to managing and winding-down the Company's affairs.

A receipts and payments accounts for the period from 7 February 2017 to 6 August 2017 is enclosed at Section 6.

4.5 Administrators' remuneration

As noted in previous reports, it will be for the unsecured creditors to determine the basis of our remuneration and certain categories of disbursements.

We are now seeking creditors' approval and enclose our proposal for creditors to consider which is included in the attached Remuneration Report. This includes details of:

- The investigation work we have performed to date and the associated cost;
- The investigation work we believe is still likely to be required;
- The proposed resolution for our fees.

It also explains what action you need to take to vote on this matter. Please note that we are seeking approval as required by our statutory obligations.

4.6 Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at the following website:

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

A copy (free of charge) can be obtained by telephoning Michael Sullivan on +44 (0) 113 289 4656.



4.7 Outcome for creditors

As previously reported, there are no secured or preferential creditors in the administration and amounts will become available for unsecured creditors only if there are sufficient funds remaining after the expenses of the administration have been discharged.

Any dividend is wholly dependent on the outcome of recoveries arising from our investigatory work, as such it is too early to say whether a dividend will be available, but it is prudent to assume the prospects will be remote.

The level of any dividend will be effected by the total level of unsecured claims against the Company. According to the directors' statement of affairs, the total unsecured liabilities of the Company could be £281m, made up of the PIK note debt of £208m, a £72m VAT liability arising due to the Company being a member of the Phones 4U VAT group and £1m of other direct liabilities.

Work has been ongoing in the period in respect of the remaining significant VAT issue in Phones 4U, of which the Company is joint and severally liable.

HMRC has now accepted, and confirmed to us, that the VAT Liability ranks as a provable claim and not as an expense of the administration. The sixth progress report to the creditors of Phones 4U Limited, which can be found at www.pwc.co.uk/phones4u provides further explanation and details on the matter.

Please note that guidance on any potential dividend is only an indication and should not be used as the main basis of any bad debt provision.

4.8 Extension of the administration

On 7 October 2015 we wrote to creditors to advise that due to our ongoing investigations into the Company, the period of the administration had been extended to 15 March 2019 by consent of the Court.

The administration will be brought to an end once its purpose has been achieved, our work has been completed and statutory obligations fulfilled. In the event that a dividend becomes available, we would most likely move the Company into creditors' voluntary liquidation at the appropriate time in order for claims to be agreed and funds distributed to creditors.

4.9 Next report

We anticipate that we will circulate our next report to creditors at the earlier of the conclusion of the administration or in approximately six months.

5. Statutory and other information relating to the administration

Full name / trading name:	Phosphorus Holdco Plc
Court details:	High Court of Justice, Chancery Division, Companies Court
Court reference:	7184 of 2014
Company number:	07479181
Registered address:	Central Square, 8 th Floor, 29 Wellington Street, Leeds, LS1 4DL
Company directors:	Steven Lloyd David N Kassler John E Morris Timothy J Whiting Phillip D Dobson
Company secretary:	Steven Lloyd
Shareholdings held by the directors and secretary:	Not applicable
Appointment date:	8 October 2014
Administrators' names and addresses:	Ian David Green and David James Kelly (both of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT)
Extension to the administration	Extension granted by the Court to 15 March 2019
Appointor's / applicant's name and address:	The Court, upon application of the directors of the 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 this administration and the proceedings are main proceedings.

6. Receipts and payments account

From 7 February 2017 to 6 August 2017

Directors' statement of affairs £	8 October 2014 to 6 February 2017 £	7 February 2017 to 6 August 2017 £	Total to 6 August 2017 £
Receipts			
14,424 Cash in hand	14,423.24	-	14,423.24
2,894 Intercompany debtors	-	-	-
Funding from 3rd parties	-	362,400.00	362,400.00
Legal fees & Expenses	6,236.83	-	6,236.83
Bank interest gross	53.21	76.65	129.86
17,318 Total receipts	20,713.28	362,476.65	383,189.93
Payments			
Bank charges	-	15.00	15.00
Legal Fees & Expenses	17,136.83	175,660.50	192,797.33
Total payments	17,136.83	175,675.50	192,812.33
Net receipts & payments	3,576.45	186,801.15	190,377.60
VAT control account	-	35,132.10	35,132.10
Balance held in interest bearing current account	3,576.45	151,669.05	155,245.50
Represented by			£
Held in Barclays a/c			155,245.50

Note

All transactions are shown net of VAT unless otherwise stated.



7. Statement of expenses incurred

As required by Rule 18.4 IR16, the following table provides a summary of expenses incurred during the period of this report, and shows whether those expenses have been paid or remain unpaid at the period end. The table should be read in conjunction with the receipts and payments account at Section 6, which shows expenses paid during the period and total paid to date.

The table does not include amounts accruing in respect of our remuneration or Category 2 expenses as the basis of these costs has not yet been agreed by creditors. However, for an update on our outstanding fees, please refer to the enclosed Remuneration Report. The table includes 'Category 1' expenses, relating to specific expenditure directly referable both to the appointment in question and a payment to an independent third party. The statement excludes any potential tax liabilities that may be payable as an expense of the administration in due course because amounts due will depend on the position at the end of the tax accounting period.

	Expenses incurred brought forward from 6 February 2017 £	Expenses incurred in this period £	Total expenses to 6 August 2017	Total expenses paid to 6 August 2017 £	Expenses outstanding at 6 August 2017 £
Administrators' remuneration	-	-	-	-	-
Administrators' expenses – Category 1	* 2,386.38	760.00	3,146.38	-	3,146.38
Administrators' expenses – Category 2	-	-	-	-	-
Legal fees – Brown Rudnick LLP	817,989.00	274,710.50	1,092,699.50	(102,160.50)	990,539.00
Legal expenses – Brown Rudnick LLP	26,750.84	86,371.82	113,122.66	(73,500.00)	39,622.66
Total	847,126.22	361,842.32	1,208,968.54	(175,660.50)	1,033,308.04

* Previously reported at £625.08

We have not disclosed the estimated future expenses in relation to the investigation work as to do so would be to disclose potentially commercially sensitive information and may prejudice the value of the realisations in the administration.



8. Remuneration Report

Please refer to the attached report.



To all unsecured creditors

22 August 2017

Our ref: MS/RH/PhosphorusHoldco/AM009/wp20170822

Dear Sir or Madam,

Phosphorus Holdco plc - in administration (“the Company”)

In our statement of proposals dated 6 November 2014 we explained that in the circumstances of this case it would be for the creditors to approve the basis of our remuneration (and related matters) in the administration.

Our periodic reports have provided updates on the progress of the administration and explained that we would contact creditors at the appropriate time for this purpose. For the reasons we set out later, **we are now writing to all creditors to seek approval to the basis of our remuneration for acting as joint administrators of the Company.** In the interests of keeping costs to a minimum, we are seeking this decision of creditors by correspondence.

We have enclosed the relevant forms for creditors to complete and return to us, indicating their approval (or otherwise) to the resolutions proposed. We have enclosed with this letter our Remuneration Report, which provides additional information relating to our work and remuneration, in order to assist creditors in deciding how to vote.

Action required by you

Please read this letter and its enclosures carefully and then complete and return the forms as summarised below:

Forms to complete:	Notice to creditors seeking decisions by correspondence.
Return address:	c/o PwC, Level 8, Central Square, 29 Wellington Street, Leeds LS1 4DL or by email to creditorsenquiries@uk.pwc.com
Deadline for submission:	23.59 hours on 11 September 2017

If you have any questions, our contact details are shown below.

Contact name	Telephone number	Email address
Michael Sullivan	0113 289 4656	michael.sullivan@uk.pwc.com
Katharyn Froggett	0113 289 4155	katharyn.v.froggett@uk.pwc.com

*PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
T: +44 (0) 113 289 4000, F: +44 (0) 113 289 4460, www.pwc.co.uk*

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Yours faithfully

A handwritten signature in black ink, appearing to read 'Alison Trenholme', written in a cursive style.

Alison Trenholme
For David J Kelly
Joint administrator of Phosphorus Holdco plc

David James Kelly and Ian David Green have been appointed as joint administrators of Phosphorus Holdco plc to manage its affairs, business and property as agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

The joint administrators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>



Remuneration Report

Phosphorus Holdco Plc – in administration
High Court of Justice, Chancery Division, Companies Court
Court ref: 7184 of 2014

22 August 2017



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1 Abbreviations and definitions

The following terms and abbreviations may be used in this report:

Term used	Meaning
the Company	Phosphorus Holdco Plc
IR16	The Insolvency (England and Wales) Rules 2016
IA86	The Insolvency Act 1986
the Administrators / our / we / us	David James Kelly and Ian David Green
SIP	A Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Unsecured creditors	Creditors who are neither secured nor preferential



2 Overview of the administration

Phosphorus Holdco Plc is the intermediate holding company within the Phosphorus Jersey group, containing Phones 4U Limited (which was one of the UK's leading independent mobile phone retailers and insurance providers). A number of trading and non-trading entities in the group entered administration in September 2014, subsequently followed by Phosphorus Holdco Plc on 8 October 2014.

Detailed information regarding our extensive work on the administration of the Company can be found in our proposals and earlier progress reports, which are still available on our website at www.pwc.co.uk/phones4U.

As explained in our progress reports, the only material asset in the administration of the Company relates to potential claims against third parties.

We appointed the law firm Brown Rudnick LLP to assist us in our investigations in this area, which remain ongoing.

As illustrated in the receipts and payment account included at Section 6 of the progress report, the funds within the administration are limited and therefore in order to proceed with any formal legal strategy we have had to secure funding from a third party.

Pre-action correspondence has been issued to potential defendants and we continue to actively progress these claims. The nature of these third party claims is commercially sensitive and confidential, as such we do not think it would be appropriate to disclose any further information at this stage. Nevertheless, we assure creditors that we continue to invest time and effort for the purpose of generating value for creditors.



3 Basis of our remuneration

3.1 Requirement to seek approval

If a company or individual is facing financial difficulty they may enter a formal insolvency process under the control of an independent external person (an insolvency practitioner). The costs of the proceedings are paid out of the assets of the company or the individual's estate and include the insolvency practitioner's remuneration, which in this case would be our fees for acting as joint administrators.

We must seek approval on the basis of our remuneration before it is paid and provide the fee approving body with sufficient information for them to make a decision. Insolvency law determines who the fee approving body is (and it depends on the circumstances of the case), but it's usually those creditors who have a direct interest in the amount paid because it impacts on how much those creditors recover.

In our statement of proposals dated 6 November 2014 we explained that in the circumstances of this case, it would be for the creditors to approve the basis of our remuneration (and related matters). There are no secured or preferential creditors in the administration. A creditors committee has not been formed.

3.2 How fees are calculated

Insolvency law currently allows fees to be calculated in three ways:

1. As a percentage of the value of the property which we deal with (often referred to as a "percentage basis");
2. By reference to the time properly given by us and our staff attending to the matters arising ("time costs basis"); or
3. A set amount (a fixed fee).

The basis of our fees can be a combination of the above and different bases can be used for different parts of our work. The creditors decide which basis (or combination of bases) should be used to calculate fees, usually once it is satisfied that the fee basis proposed represents the most appropriate mechanism in the circumstances of the case.

3.3 Our proposal to creditors

As explained earlier, we have entered into an agreement for the purpose of funding certain costs in connection with the ongoing investigations in this case. With regards to our costs, the funding agreement provides for:

1. our time incurred specifically in relation to the investigatory work (not unrelated matters arising in the administration) ("**the Included Work**"); and
2. a percentage of recoveries (if any) arising from any claims brought against certain third parties.



Both of these require approval by the creditors of the Company in accordance with insolvency law, because they relate to fees for acting as joint administrators (as agents of the Company). However **at the present time, we are only seeking approval of the time cost element of our work** ((1) above). We will put separate resolutions to creditors in due course regarding any additional percentage of realisations to be applied in relation to the investigatory work and for our time incurred on unrelated (but necessary) work performed in the administration together (“**the Excluded Work**”).

Our costs will be paid from the proceeds of any settlement or in the event that no recoveries are made (and in the absence of any other assets), the costs will be paid by the funders only. The size of any draw down will be determined by the amounts available under the funding agreement.

We believe the proposal above is appropriate for the following reasons.

- With no certainty of payment, we invested a considerable amount of time in reviewing the Company’s affairs, assessing whether claims might exist and gathering evidence, such that they had sufficient merit to be progressed further, now with the benefit of funding support.
- In the absence of sufficient funding (as provided by the agreement), our investigation work could not have continued and there would be no prospects of a recovery for creditors.
- By using a time cost basis at this time, creditors (or the funders if claims are unsuccessful) are only charged for work that is performed specifically in relation to the investigatory work. As stated above, we are not presently seeking approval for the Excluded Work.
- The time cost basis reflects the uncertainty regarding the total amount of time necessary to progress the claims to conclusion or settlement.
- Returning to creditors at a later date with regards to the proposed fee based on a percentage of recoveries, allows us to provide creditors with more relevant information at the time, in order for creditors to make an informed decision.

The following sections of this report provide further information in relation to our work and time costs proposal.



4 Our work and costs incurred

4.1 Summary

This section of the report provides an overview of the investigation work done to date. Further information on our work and time charging policy is included in the appendices as follows:

- Appendix A Our time charging policy and hourly rates
Appendix B Analysis of our time costs

4.2 Work we've performed to date

Below we provide details on the key areas of work relating to the ongoing investigations only.

The work has all been necessary and part of our strategy to enhance asset realisations for the benefit of creditors.

Area of work	Brief description	Cost to date
Investigations	<ul style="list-style-type: none">Investigating potential claims against third parties,Ongoing liaison with counsel to formulate claims against third partiesSecuring external fundingFormulating litigation strategy in conjunction with our legal advisorsStrategic decisions by appointment takersLiaison with expert witnessesForensic review of pre-appointment recordsIssuing pre-action correspondence to potential defendantsLiaising with the NoteholdersBudgeting and cost analysis	£799k
Total		£799k



4.3 Our anticipated future work and estimated cost

The following table provides a summary of further work required on the ongoing investigation for the financial benefit of creditors.

Area of work	Work we need to do	Estimated cost £
Investigations	<ul style="list-style-type: none">Pursuit of potential claims against third parties	*Not disclosed
Total		Not disclosed

* We have not disclosed the estimated future realisable costs relating to the investigation as to do so would be to disclose potentially commercial sensitive information and may prejudice the value of the realisations in the administration.



5 Disbursements

5.1 Our disbursements

Our firm's expenses policy allows for all properly incurred expenses to be recharged to the case. Expenses are defined in SIP9 as amounts properly payable by the office holder from the estate which are not office holders' remuneration or a distribution to creditors. Disbursements are charged to the assignment as shown in the table below. Also shown are the costs incurred to 6 August 2017.

SIP9 defines 'Category 1' expenses as "payments to independent third parties where there is specific expenditure directly referable to the appointment in question". 'Category 2' expenses as those that are "directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis".

Our work has included extensive investigations into the circumstances of the case and obtaining counsel's advice on the Company's position.

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	100.14
2	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc).	0.00
	All other disbursements reimbursed at cost, including:	
	Legal Fees	£169.65
	Professional Fees	£22.71
	Agent Fees	£1,761.30
1	Courier Costs	£4.70
	Taxi/Rail fares	£16.80
	Business Research fees	£91.00
	Postage	£4.40
	Advertising	£75.82
	Bonding	£300.00
1	* Relativity licence costs – At £100 per licence per month	700.00
	Total	3,246.52

* Relativity is a software platform for the management of electronic documents as part of our investigatory work.



5.2 Legal and other professional firms

We have instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice (general)	Allen & Overy LLP (see Note below)	Lawyers instructed in respect of the wider Phones4U Group with knowledge which would add value to the administrations.	Time and expenses
Legal advice (investigations)	Brown Rudnick LLP	To assist the investigation of potential claims the Company may have.	Time and expenses

Our choice 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.

Note: Although Allen & Overy LLP have been instructed over the wider Phones 4U group of companies, as yet no time costs have been charged in relation to the Company.



6 Discharge from liability

We will be discharged from liability (in respect of any actions of ours as administrators) when we cease to be administrators of the Company. In the circumstances of this case, this takes effect at a time specified by the creditors of the Company.

We are proposing that discharge takes effect 14 days after we cease to be joint administrators of the Company.



7 Action required by you

We are asking the creditors to decide on the following resolutions:

1. That our remuneration be fixed by reference to the time properly given by the administrators and various grades of their staff in attending to matters arising in the administration in relation to the Included Work;
2. That we are authorised to draw disbursements for services provided by our own firm as set out in Section 5.1; and
3. That we shall be discharged from liability in respect of any action of ours as joint administrators 14 days after we cease to be joint administrators of the Company.

We are seeking this decision by correspondence. We have enclosed the relevant forms for creditors to complete and return to us, indicating their approval (or otherwise) to the resolutions proposed.

Having read this letter and its enclosures carefully, please complete and return the forms as summarised below:

Forms to complete:	Notice to creditors seeking decisions by correspondence
Return address:	c/o PwC, Level 8, Central Square, 29 Wellington Street, Leeds LS1 4DL or by email to creditorenquiries@uk.pwc.com
Deadline for submission:	23.59 hours on 11 September 2017

If you have any questions, our contact details are shown below.

Contact name	Telephone number	Email address
Michael Sullivan	0113 289 4656	michael.sullivan@uk.pwc.com
Katharyn Froggett	0113 289 4155	katharyn.v.froggett@uk.pwc.com

As now required by Rule 3.39(4) IR16, when a decision of creditors is requested, creditors are provided with an opportunity to form a committee if sufficient creditors are willing to act on it. Please see the attached forms for more details.

Creditors' rights

If any creditor requires further explanation on any aspect of what is being proposed, then please telephone or write to us and we will be pleased to deal with such enquiries. An explanatory note on matters relating to administrators' remuneration and expenses can be found online at: http://www.icaew.com/~/_/media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf

A copy (free of charge) can be obtained by telephoning the numbers above.



Appendix A. Our time charging policy and hourly rates

The time charged to the administration is by reference to the time properly given by ourselves as joint administrators and various grades of our staff, in attending to matters arising.

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

Hourly rates

Set out below are the relevant maximum charge-out rates per hour worked for the grades of staff actually or likely to be involved on this assignment. Time is charged by reference to actual work carried out on the assignment. There has been no allocation of any general costs or overhead costs.

Specialist departments within our firm such as Tax, VAT, Property and Pensions may charge time to the assignment if and when we require their expert advice. Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time chargeable is three minutes (i.e. 0.5 units).

Administrators' staff	2015	2016	2017	2018
<i>(hourly rates effective to 30 June in the year shown)</i>	£	£	£	£
Partner	795	825	840	865
Director	695	725	740	760
Senior Manager	540	550	560	575
Manager	460	470	480	495
Senior Associate (qualified / consultant)	380	390	400	412
Senior Associate (unqualified)	285	290	295	304
Associate	240	245	250	258
Support staff	120	123	125	129



Specialist staff (<i>maximum rate per hour</i>) (<i>hourly rates effective to 30 June</i>)	2015	2016	2017	2018
	£	£	£	£
Partner	1,190	1,250	1,375	1,445
Director	1,060	1,115	1,150	1,210
Senior Manager	960	1,110	1,170	1,230
Manager	600	665	700	735
Senior Associate (qualified / consultant)	465	490	515	545
Senior Associate (unqualified)	-	-	-	-
Associate	225	245	255	270
Support staff	180	180	162	160

In common with all professional firms, the scale rates used may periodically increase (for example to cover annual inflationary cost increases) over the period of the administration (and any subsequent liquidation). Any material amendments to these rates will be advised to creditors in the next statutory report.



Appendix B. An analysis of our time costs

Analysis of time costs for the period

From:

08 October 2014

To:

06 August 2017

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Investigations	108.1	179.1	533.1	236.7	433.7	1,082.3	-	2,573.0	798,947.30	310.52

Appendix C. Receipts and payments account

Please refer to Section 6 of our Progress Report dated 22 August 2017.

Phosphorus Holdco Plc – in Administration

Statement of Claim

Creditor's name and address.	
Registered number (if creditor is a company)	
<p>Claim amount</p> <ul style="list-style-type: none"> Total amount of your claim (including VAT) at the date the administration commenced*<i>[or, if the company was in liquidation when it entered administration, at the date the prior liquidation commence].</i> Any payment received by the creditor in relation to the claim after the appointment of the administrators <i>[or, if applicable, prior liquidators]</i> Total value (including VAT) of any monies owed by the creditor to the company. Total value (including VAT) of any retention of title in respect of any goods to which the debt relates 	<p>£</p> <p>£</p> <p>£</p> <p>£</p>
Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title. If available, please attach a statement of account.	
What goods or services did you provide?	
If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security. If no security held, leave this section blank.	
We have a duty as administrators to consider the conduct of the directors prior to our appointment. Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed? If so, please provide brief details on this form, or on a separate sheet if there is insufficient room.	
Signature of creditor or person authorised to act on behalf of the creditor.	Date
Name in block capitals.	
Position with or relation to the creditor (e.g. director, company secretary, solicitor).	

* You must deduct any trade or other discounts which would have been available to the company but for its administration, except any discount for immediate, early or cash settlement.

Notice to creditor in EU Member State	Language
Invitation to lodge a claim. Time limits to be observed.	English
Invitación para realizar un reclamo. Se deberán respetar los plazos establecidos.	Spanish
Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne.	Danish
Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten.	German
Πρόσκληση για έγερση αξίωσης. Υποχρεωτική τήρηση προθεσμίας	Greek
Invitation à produire une créance. Délais à respecter.	French
Invito all'insinuazione di un credito. Termine da osservare.	Italian
Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen.	Dutch
Aviso de Reclamação de Créditos. Prazos Legais a Observar.	Portuguese
Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat.	Finnish
Anmodan att anmäla fordran. Tidsfrister att iaktta.	Swedish
Pozvánka k uplatnění si nároku. Je nutno dodržet termíny.	Czech
Zaproszenie do wniesienia wniosku o odszkodowanie. Termin wniesienia wniosku jest obarczony obostrzeniami.	Polish
Felhívás követelés benyújtására. Vegye figyelembe az időkorlátokat.	Hungarian
Poziv k predložitvi zahtevka. Treba je upoštevati časovne omejitve.	Slovenian
Приглашение к подаче иска. Соблюдайте установленные сроки.	Russian
Pasiūlymas pateikti ieškinį. Paisyti laiko apribojimai.	Lithuanian
Stedina biex tagħmel talba. It-termini taż-żmien għandhom jiġu mħarsa.	Maltese
Palve nõude esitamiseks. Palun jälgige ajapiiranguid.	Estonian
Uzaicinājums prasības iesniegšanai. Prasības iesniegšanas laiks ir stingri ierobežots.	Latvian
Invitație pentru a depune o cerere. Luați în considerare data limită.	Romanian
Cuireadh éileamh a thaisceadh. Teorainn ama le comhlíonadh.	Irish
Покана за предявяване на иск. Трябва да се спази указания краен срок.	Bulgarian
Pozvánka na uplatnenie si nároku. Je nutné dodržat termíny.	Slovak

Please complete and return this claim form with supporting documentation as soon as possible to Michael Sullivan at michael.sullivan@uk.pwc.com
Creditors whose claims are secured or preferential (in part or in whole) should provide details of their claim to the above address. However, they need not use this claim form.

Notice to creditors seeking decisions by correspondence

Name of Company Phosphorus Holdco Plc	Company Number 07479181
In the High Court of Justice, Chancery Division, Companies Court <small>(full name of court)</small>	Court case number 7184 of 2014

(a) Insert full names of administrators

We (a) David James Kelly and Ian David Green both of PricewaterhouseCoopers LLP, 7 More Riverside, London SE1 2RT, joint administrators of the company give notice to creditors that we are seeking a decision by correspondence on the following resolution(s)

b) Insert resolutions

(b)
THAT the administrators' fees be fixed by reference to the time properly given by the administrators and their staff in attending to matters arising in the administration in relation to the Included Work (as defined in the Remuneration Report dated 22 August 2017).

THAT the administrators be authorised to draw disbursements for services provided by their own firm (Category 2 disbursements) as set out in the Remuneration Report dated 22 August 2017.

THAT the administrators be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as administrators 14 days after they cease to be joint administrators of the company.

AND as to whether a creditors' committee should be established if sufficient creditors are willing to be members. Information on the formation, rights, duties and functions of a committee can be found in the attached guide for creditors.

We are also inviting creditors to make nominations for membership of the creditors' committee, if one is established.

(c) Enter decision date

We therefore invite you to vote on the above. To submit your vote please indicate below whether you are voting for or against each resolution and whether or not you want a committee to be established and return this notice to us by post at the address below, to be received by us by 23.59 hrs on (c) 11 September 2017.

In order to be entitled to vote we must receive from you by 23.59 hrs on the decision date, a proof in respect of your claim in accordance with the Insolvency (England and Wales) Rules 2016 (IR16), failing which your vote will be disregarded. A proof of debt form which you can use is attached.

If your debt is treated as a small debt in accordance with Rule 14.31(1) IR16 (creditors with claims of £1,000 or less), you must still deliver a proof to us by 23.59 hrs on the decision date if you wish to vote.

If you have opted out from receiving notices you may nevertheless vote if you provide a proof as set out above.

Creditors who meet one of the thresholds in Section 246ZE of the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the matter(s) set out above. The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If you wish to nominate any creditor(s) to be members of a creditors' committee if creditors decide that a committee should be established, please deliver your nomination to us by 11 September 2017. A nomination can only be accepted if we are satisfied as to the creditor's eligibility under Rule 17.4 IR16.

A creditor may appeal a decision in accordance with Rule 15.35 IR16 by applying to court not later than 21 days after the decision date.



Signed

Joint administrator

Dated 22 August 2017

Administrators' postal address: PricewaterhouseCoopers LLP, Central Square Level 8, 29 Wellington Street, Leeds, LS1 4DL

Administrators' contact telephone number: 0113 289 4153

In accordance with Rule 15.9 of the Insolvency (England and Wales) Rules 2016

Name of Company Phosphorus Holdco Plc
--

Company Number 07479181

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

Court case number 7184 of 2014

To be completed by creditor and returned to the postal address above if you wish to vote

Insert creditor's name and address, and registered number if a company

I/We

Company number (if creditor is a company) _____

of _____

vote as follows:

***Delete as applicable**

Resolution (1) THAT the administrators' fees be fixed by reference to the time properly given by the administrators and their staff in attending to matters arising in the administration in relation to the Included Work (as defined in the Remuneration Report dated 22 August 2017). for / against *
--

Resolution (2) THAT the administrators be authorised to draw disbursements for services provided by their own firm (Category 2 disbursements) as set out in the Remuneration Report dated 22 August 2017. Rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other (Category 1) disbursements to be charged at cost. for / against *
--

Resolution (3) THAT the administrators be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as administrators 14 days after they cease to be joint administrators of the company. for / against *
--

I/we want a creditors' committee to be established if sufficient creditors are willing to be members.* OR I/we do not want a creditors' committee to be established. * *Delete as applicable I/we nominate [creditor to insert name of creditor] _____ to be a member of the committee if one is established.
--

I/we enclose my/our proof of debt (if not previously submitted).

Signature of creditor or person authorised to act on behalf of the creditor:

Name in block capitals:

Position with or relation to the creditor (e.g. director, company secretary, solicitor):

Date: _____