

Joint Administrators' progress report from 7 February 2023 to 6 August 2023

Phosphorus Holdco Plc

(in administration)

High Court of Justice, Chancery Division,
Companies Court

Case no. 7184 of 2014

6 September 2023

Table of contents

| | |
|--|-----------|
| Abbreviations and definitions | 3 |
| Key messages | 5 |
| Overview of what we've done to date | 7 |
| Appendix A: Receipts and payments | 10 |
| Appendix B: Expenses | 12 |
| Appendix C: Remuneration update | 14 |
| Appendix D: Other information | 20 |

Abbreviations and definitions

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

| Abbreviation or definition | Meaning |
|---|---|
| A&O | Allen & Overy LLP |
| Company | Phosphorus Holdco Plc |
| Excluded Work | All other work undertaken by the Joint Administrators in managing the Administration and the Company's affairs that is not in the "Included Work" |
| Firm | PricewaterhouseCoopers LLP |
| HMRC | HM Revenue & Customs |
| IA86 | Insolvency Act 1986 |
| IR16 | Insolvency (England and Wales) Rules 2016 |
| Included Work | The Joint Administrators' time costs specifically in relation to investigatory work and pursuit of claims against third parties (as defined in the Remuneration Report dated 22 August 2017) |
| Joint Administrators | David James Kelly and Douglas Nigel Rackham |
| P4U | Phones 4u Limited (in administration) |
| P4U Finance | Phones 4u Finance plc (in administration) |
| PAS | Policy Administration Services Limited (in administration) |
| Phones 4U or the Group | The Company together with Phones 4u Limited, Phones 4U Group Limited, Phones 4U Finance Plc, MobileServ Limited, Phosphorus Acquisition Limited, and Policy Administration Services Limited (see www.pwc.co.uk/phones4u for details of insolvency procedures affecting these Companies) |
| PIK Notes | £208m aggregate principal amount of Senior PIK Toggle Notes due 2019 |
| PIK Noteholders | Holders of the above PIK Notes |
| Prescribed part | The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003 |
| Sch.B1 IA86 | Schedule B1 to the Insolvency Act 1986 |
| 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 |
| Secondary preferential creditors | HMRC in respect of taxes due from employees and customers that are withheld by the business and then paid over in one lump sum periodically to HMRC, such as VAT, PAYE and employees' National Insurance contributions |

This report has been prepared by David James Kelly and Douglas Nigel Rackham as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

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

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/phones4u>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David James Kelly and Douglas Nigel Rackham have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act 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 bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

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

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Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of the Company in the six months since our last report dated 3 March 2023. You can still view our earlier reports on our website at www.pwc.co.uk/phones4u. Please get in touch with Sarah Robson on 0113 289 4000 if you need any of the passwords to access the reports.

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 |
| Phones 4U Finance Plc* | 15 September 2014 |
| MobileServ Limited* | 15 September 2014 |
| Phosphorus Acquisition Limited* | 15 September 2014 |
| Policy Administration Services Limited* | 16 September 2014 |
| Phosphorus Holdco Plc | 8 October 2014 |

This progress report covers only Phosphorus Holdco Plc. On 16 August 2023, a separate report was issued to the creditors of the six companies contained within a common security structure (all indicated by * above).

We refer you to our proposals dated 6 November 2014 for an explanation of why the various companies were put into administration and how the purpose of each administration is expected to be achieved. Our earlier reports explained the progress in this case to 6 February 2023 and they continue to be available on our website at www.pwc.co.uk/phones4u. The content of the previous reports is not repeated here unless considered beneficial or necessary for the purposes of this update.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

| Class of creditor | Paid (p in £) | Previous estimate (p in £) |
|-------------------------------|--------------------------|---------------------------------------|
| Secured creditors | N/A | N/A |
| Preferential creditors | N/A | N/A |
| Unsecured creditors | 0.19 | 0.19 |

As previously reported, there are no Secured or Preferential creditors in the administration of the Company and amounts become available for Unsecured creditors only if there are sufficient funds remaining after the expenses of the administration have been discharged.

We have previously advised that an unsecured dividend was declared and paid on 5 March 2020 totalling £554,496. This resulted in a dividend of 0.19p in the £ on admitted claims totalling £280m.

As discussed later in this report, any further dividend will be dependent on whether there are future realisations from intercompany debts which in turn will be dependent on the outcome of litigation in P4U.

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

As explained in our earlier reports, the only material asset in the administration related to the potential claims against third parties. In order to pursue these claims, we had sought and secured litigation funding from the market. These funds were used to formulate the claims, seek advice from counsel, and issue pre-action correspondence to the potential defendants.

As previously advised, as a result of our investigations and a formal mediation process between the Company and certain third parties, a settlement totalling £4.5m had been reached in respect of all claims asserted by the Company.

Other work was mainly liaising with the PIK Noteholders by way of calls, meetings and notices.

When we last reported, the key outstanding matters in the administration were as follows:

- Monitor and await the conclusion of other matters elsewhere in the Group that may give rise to additional realisations, principally the outcome of the litigation;
- Potentially make a further distribution to creditors, depending on the outcome of the matters elsewhere in the Group;
- Draft and issue the Joint Administrators' six-monthly progress reports to creditors;
- Apply for a further extension of the Administration if necessary;
- Draft and issue the Joint Administrators' final report in the administration to all known creditors at the appropriate time; and
- Draft and issue the notice of dissolution to be sent to the Registrar of Companies.

Please see the subsequent section for the work performed during the period.

Progress since we last reported

Accounting and Treasury

In the period, we have carried out bank reconciliations in line with our accounting duties.

We have also reviewed and arranged payment of invoices from A&O in relation to the legal work carried out for the extension of the administration. Due to a lack of funds in the estate, this has been paid by P4U and will be repaid in the future should funds allow.

Investigations and actions

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

Statutory and compliance

During the period of this report, we have complied with our statutory obligations by preparing and filing the progress report for the period to 6 February 2023.

This was filed at Companies House and uploaded to the case website on 3 March 2023.

As noted in our previous report, we applied for an extension of the administration to 15 March 2026. Our application was submitted to the Court, and following a subsequent hearing on 1 March 2023, we are pleased to confirm that the extension of the administration was granted by the Court.

Tax

During the period, we have received notices from HMRC to submit a corporation tax return. We subsequently liaised with our tax team accordingly to confirm that the Company is up to date with its filing of returns.

We also received a Penalty Determination Notice from HMRC in respect of failing to submit a tax return on time. After receiving confirmation from our tax team that no returns are outstanding, we advised HMRC and they subsequently issued an amended notice stating that no penalty shall be payable.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 7 February 2023 to 6 August 2023.

There have been no receipts or payments made in the period.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Creditors' rights

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

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

The link to previous guides can be found below, given that the case pre-dates the requirement for a fee estimate as the appointment date was October 2014.

<https://www.icaew.com/regulation/insolvency/understanding-business-restructuring-and-insolvency/creditors-guides>

You can also get a copy free of charge by telephoning Sarah Robson on 0113 289 4000.

What we still need to do

We still have the following tasks to complete prior to the conclusion of the administration.

- Monitor and await the conclusion of other matters elsewhere in the Group that may give rise to additional realisations, principally the outcome of the litigation;
- Potentially make a further distribution to creditors, depending on the outcome of the matters elsewhere in the Group;
- Draft and issue the Joint Administrators' six-monthly progress reports to creditors;
- Apply for a further extension of the Administration if necessary;
- Draft and issue the Joint Administrators' final report in the administration to all known creditors at the appropriate time; and
- Draft and issue the notice of dissolution to be sent to the Registrar of Companies.

Future dividends for creditors

Other than potential future realisations from the litigation in P4U, there are no further known assets to realise in this Company. Due to the commercially sensitive nature of the litigation, we have not provided any further details however we expect a judgement to be handed down in October 2023.

We believe that the Company should remain in administration in order to benefit from any future litigation realisations in the estate of P4U, by virtue of its intercompany claim with P4U Finance and by virtue of it being the de facto parent company in the Phones 4U group. Hence, there may potentially be a further dividend to the Unsecured creditors depending on the outcome of the aforementioned litigation.

Ending the administration

As noted above, we previously applied to the Court for an extension of the administration to 15 March 2026. A hearing took place during the reporting period on 1 March 2023 and the extension to 15 March 2026 was granted by the Court.

The primary and continued reasoning for seeking to extend the administration is the timeline of the litigation in P4U, reflecting our belief in the potential continuing value to the creditors of each of the other administrations. Given the affairs of the Company and the Group are inextricably linked in this regard, we consider it appropriate for the administrations of the Company and the Group to continue for the same period.

Subject to the resolution of the litigation in P4U Limited and its attendant impact on potential realisations in the estates of each of the other Group companies, the administrations are separate insolvency processes and therefore may end at different times and in different ways depending on the circumstances in each case. Each administration will be brought to an end once its purpose has been achieved, our work has been completed and statutory obligations fulfilled.

Next steps

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with Sarah Robson on 0113 289 4000.

Yours faithfully
For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'D Kelly', with a horizontal line underneath.

David Kelly, Joint Administrator

Appendix A: Receipts and payments

| Statement of Affairs | | Total to 6 February 2023 | 7 February 2023 to 6 August 2023 | Total to 6 August 2023 |
|----------------------|---|--------------------------|----------------------------------|------------------------|
| (£) | Notes | (£) | (£) | (£) |
| Receipts | | | | |
| 14,424.00 | Cash in hand | 14,423.24 | 0.00 | 14,423.24 |
| 2,894.00 | Intercompany debtors | 0.00 | 0.00 | 0.00 |
| | Legal fees & expenses | 6,236.83 | 0.00 | 6,236.83 |
| | Litigation funding costs | 0.00 | 0.00 | 0.00 |
| | Investment settlement agreement | 4,550,000.00 | 0.00 | 4,550,000.00 |
| | Bank interest gross | 6,092.73 | 0.00 | 6,092.73 |
| 17,318.00 | Total receipts | 4,576,752.80 | 0.00 | 4,576,752.80 |
| Payments | | | | |
| | Joint Administrators' fees (time cost basis) | 1,116,137.00 | 0.00 | 1,116,137.00 |
| | Joint Administrators' expenses | 18,042.51 | 0.00 | 18,042.51 |
| | Joint Administrators' fees (set fee basis) | 269,486.00 | 0.00 | 269,486.00 |
| | Bank charges | 15.00 | 0.00 | 15.00 |
| | Legal Fees - Brown Rudnick | 1,323,036.50 | 0.00 | 1,323,036.50 |
| | Legal Disbursements - Brown Rudnick | 134,740.86 | 0.00 | 134,740.86 |
| | Legal Fees and Expenses - Allen & Overy LLP | 37,241.22 | 0.00 | 37,241.22 |
| | Litigation funding costs | 523,250.00 | 0.00 | 523,250.00 |
| | Professional Fees - CDER Limited | 5,040.00 | 0.00 | 5,040.00 |
| | Professional Fees - Citibank Limited | 15,000.00 | 0.00 | 15,000.00 |
| | Irrecoverable VAT | 580,265.59 | 0.00 | 580,265.59 |
| | Distribution to Unsecured creditors | 554,496.30 | 0.00 | 554,496.30 |
| | Total payments | 4,576,750.98 | 0.00 | 4,576,750.98 |
| | Net realisations | 1.82 | 0.00 | 1.82 |
| | Funds held in a non-interest bearing current account | 1.82 | 0.00 | 1.82 |

Notes to the R&P

Note 1 - Amounts shown exclude VAT.

Note 2 - The Company has a claim of £22.7m in Phones 4u Finance Plc. The Statement of Affairs estimated that there would be a return of £2,984 arising from a dividend from Phones 4u Finance Plc, however there are currently insufficient assets in Phones 4u Finance Plc to enable a dividend.

Note 3 - As explained further in Appendix C, our fees are based on a combination of bases. The receipts and payments account shows the amounts paid in total to date.

Note 4 - On 5 March 2020 we paid a dividend to unsecured creditors at the rate of 0.19 pence in the £.

Note 5 - Included within our office holders' expenses is £174.14 paid in total, in relation to 'Category 2' disbursements in accordance with the policy explained in Appendix B.

Note 6 - There have been no payments made to us, our firm or our associates other than from the insolvent estate as shown in the receipts and payments account provided above.

Appendix B: Expenses

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

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

Expenses fall into two categories:

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

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

The rate for services provided by the Joint Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case.

| Category | Provided by | Basis of cost | Costs incurred £ |
|--------------|-------------|--|------------------|
| 2 | PwC | Photocopying - up to 20 pence per side copied, only charged for circulars to creditors and other bulk copying. | 0.92 |
| 2 | PwC | Mileage - At a maximum of: <ul style="list-style-type: none">Petrol/diesel/hybrid - 64 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc)Full electric - 72 pence per mileBicycle - 12 pence per mile | - |
| 1 | PwC | All other disbursements reimbursed at cost | - |
| Total | | | 0.92 |

The expense policy set out above has been approved by the general body of creditors, however as referred to in previous reports, our expenses are capped therefore any future Category 2 expenses will not be drawn.

The table below provides details of all the expenses incurred in the administration:

| | Expenses incurred brought forward | Incurred in the period | Total expenses incurred to 6 August 2023 | Total expenses paid to 6 August 2023 | Estimated future expenses | Estimated total expenses |
|---|-----------------------------------|------------------------|--|--------------------------------------|---------------------------|--------------------------|
| | £ | £ | £ | £ | £ | £ |
| Joint Administrators' expenses | 20,914.81 | 0.92 | 20,915.73 | 18,042.51 | 497.70 | 21,413.43 |
| Legal fees and expenses – Allen & Overy LLP | 37,241.22 | 17,212.55 | 54,453.77 | 37,241.22 | - | 37,241.22 |
| Legal fees - Brown Rudnick LLP | 1,323,036.50 | - | 1,323,036.50 | 1,323,036.50 | - | 1,323,036.50 |
| Legal expenses - Brown Rudnick LLP | 134,740.86 | - | 134,740.86 | 134,740.86 | - | 134,740.86 |
| Litigation funding costs - Scoggin | 523,250.00 | - | 523,250.00 | 523,250.00 | - | 523,250.00 |
| Professional fees - CEDR Limited | 5,040.00 | - | 5,040.00 | 5,040.00 | - | 5,040.00 |
| Professional fees - CitiBank | 15,000.00 | - | 15,000.00 | 15,000.00 | - | 15,000.00 |
| Bank charges | 15.00 | - | 15.00 | 15.00 | - | 15.00 |
| Irrecoverable VAT | 580,265.59 | - | 580,265.59 | 580,265.59 | - | 580,265.59 |
| Total | 2,639,503.98 | 17,213.47 | 2,656,717.45 | 2,636,631.68 | 497.70 | 2,640,002.60 |

The table should be read in conjunction with the Receipts and Payments account (“R&P”) at Appendix A, which shows expenses actually paid during the period and the total paid to date.

The legal fees and expenses incurred in the period by A&O relate to work they carried out in respect of the extension of the administration. These costs are not reflected in the R&P in this report because they were paid by P4U on behalf of the Company due to a lack of funds in the estate, this has been agreed with P4U's secured creditor. Should any funds become available in the estate, pending the outcome of the litigation, the Company will reimburse P4U for the costs paid on its behalf.

Appendix C: Remuneration update

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

As advised previously, our fees for Included Work were approved on a time cost basis by creditors on 11 September 2017, specifically for our time incurred in relation to the investigatory work (not unrelated matters arising in the administration).

In conjunction with our report to creditors dated 28 August 2019, we issued a request for creditors to fix the basis of our fees with regards to Excluded Work.

On 27 September 2019, our fees in relation to Excluded Work were duly approved by creditors as a set fee of £287,529 plus VAT including expenses.

According to the litigation funding settlement, and as agreed by the Company's creditors, our total remuneration is capped at £1,403,666 plus VAT. Therefore our total time incurred cannot be recovered from the Company's administration estate. However, given that the administration has been kept open principally to allow time for resolution of the P4U litigation, the P4U bondholders have agreed that our future time costs incurred, over and above the capped amount, may be recovered from the Group.

This figure includes the Joint Administrators' expenses (as referred to in Appendix B). Please refer to Appendix A for the breakdown of our fees and expenses which we have drawn since appointment.

We set out later in this Appendix details of our work to date, anticipated future work, subcontracted work and payments to associates.

Our hours and average rates for the period 7 February 2023 to 6 August 2023

| Aspect of assignment | Partner | Director | Senior Manager | Manager | Senior Associate | Associate | Support | Total hours | Time cost £ | Average hourly rate £ |
|--------------------------|---------|----------|----------------|---------|------------------|-----------|---------|-------------|----------------|--------------------------|
| Strategy & Planning | - | - | - | 1.85 | 0.95 | 2.30 | - | 5.10 | 2,704.50 | 530.29 |
| Sale of business | - | - | - | - | - | - | - | - | - | - |
| Book debt realisations | - | - | - | - | - | - | - | - | - | - |
| Property | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - |
| Retention of title | - | - | - | - | - | - | - | - | - | - |
| Trading | - | - | - | - | - | - | - | - | - | - |
| Accounting and treasury | - | - | - | 0.05 | 0.55 | 0.75 | - | 1.35 | 613.00 | 454.07 |
| Statutory and compliance | - | - | 1.50 | 3.00 | 5.85 | 9.85 | - | 20.20 | 10,186.50 | 504.28 |
| Employees & pensions | - | - | - | - | - | - | - | - | - | - |
| Investigations | - | - | - | - | - | - | - | - | - | - |
| Creditors | - | - | - | - | - | - | - | - | - | - |
| Creditors committee | - | - | - | - | - | - | - | - | - | - |
| Tax | - | - | - | 0.20 | 0.35 | - | - | 0.55 | 326.25 | 593.18 |
| VAT | - | - | - | - | - | - | - | - | - | - |
| Books and records | - | - | - | - | - | - | - | - | - | - |
| Closure procedures | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | 1.50 | 5.10 | 7.70 | 12.90 | - | 27.20 | 13,830.25 | 508.47 |

Our hours and average rates for the period 8 October 2014 to 6 August 2023

| Aspect of assignment | Partner | Director | Senior Manager | Manager | Senior Associate | Associate | Support | Total hours | Total time cost £ | Average hourly rate £ |
|---|---------------|---------------|----------------|---------------|------------------|-----------------|-------------|-----------------|----------------------|-----------------------------|
| Strategy & Planning | 41.80 | 0.30 | 21.70 | 14.55 | 23.65 | 54.45 | - | 156.25 | 80,608.40 | 515.89 |
| Sale of business | - | - | - | - | - | - | - | - | - | - |
| Book debt realisations | 0.80 | - | - | - | 0.60 | - | - | 1.20 | 786.00 | 655.00 |
| Property | - | - | - | - | - | - | - | - | - | - |
| Other assets | 8.80 | 0.25 | - | - | 4.00 | 0.50 | 2.00 | 15.55 | 10,252.50 | 659.32 |
| Retention of title | - | - | - | - | - | - | - | - | - | - |
| Trading | - | - | - | - | 0.10 | - | - | 0.10 | 31.50 | 315.00 |
| Accounting and treasury | 7.80 | - | 0.40 | 7.35 | 24.40 | 28.88 | - | 66.81 | 25,372.35 | 379.77 |
| Statutory and compliance | 31.90 | 5.15 | 162.50 | 194.38 | 308.01 | 189.80 | 3.20 | 894.74 | 380,786.35 | 425.58 |
| Employees & pensions | - | - | - | - | - | - | - | - | - | - |
| Investigations | - | - | - | - | - | - | - | - | - | - |
| Creditors | 16.90 | 6.40 | 68.35 | 17.45 | 85.70 | 59.75 | 0.50 | 235.05 | 115,204.05 | 451.69 |
| Creditors committee | - | - | - | - | - | - | - | - | - | - |
| Tax | - | 4.00 | 3.50 | 4.70 | 8.95 | 28.65 | - | 49.80 | 18,047.70 | 362.40 |
| VAT | - | - | 13.70 | 0.20 | 7.00 | 3.75 | - | 24.65 | 18,195.45 | 738.15 |
| Books and records | 0.50 | - | - | 0.10 | 0.15 | 2.30 | - | 3.05 | 1,045.50 | 342.79 |
| Closure procedures | - | - | 1.70 | 0.20 | - | - | - | 1.90 | 1,114.00 | 588.32 |
| Total | 108.10 | 16.10 | 271.85 | 238.93 | 462.56 | 365.86 | 5.70 | 1,469.10 | 651,443.80 | 443.43 |
| <i>Time identifiable and attributable to:</i> | | | | | | | | | | |
| MNO Receivables | - | - | - | - | - | - | - | - | - | - |
| Investigations | 206.50 | 276.00 | 591.20 | 289.72 | 599.70 | 1,099.05 | - | 3,062.17 | 1,116,383.50 | 364.57 |
| Total | 206.50 | 276.00 | 591.20 | 289.72 | 599.70 | 1,099.05 | - | 3,062.17 | 1,116,383.50 | 364.57 |
| Total time | 314.60 | 292.10 | 863.05 | 528.65 | 1,062.26 | 1,464.91 | 5.70 | 4,531.27 | 1,767,827.30 | 390.14 |

Our time charging policy and hourly rates

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

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

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

| Grade | Up to 30 June 2023 £ | From 1 July 2023 £ |
|------------------------------------|----------------------|--------------------|
| Partner | 980 | 995 |
| Appointment taking director | 960 | 960 |
| Director (not appointee) | 915 | 915 |
| Assistant director | 900 | 900 |
| Senior manager | 860 | 860 |
| Manager | 730 | 730 |
| Senior associate | 515 | 540 |
| Associate | 375 | 395 |
| Support staff | 160 | 160 |

| | | |
|-------------------------------|-----------|-----------|
| Offshore professionals | 375 - 515 | 395 - 540 |
|-------------------------------|-----------|-----------|

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

| Grade | Up to 30 June 2023 £ | From 1 July 2023 £ |
|---------------------------------------|-----------------------------|---------------------------|
| Partner | 1,810 | 1,810 |
| Director | 1,660 | 1,660 |
| Senior Manager | 1,570 | 1,570 |
| Manager | 950 | 950 |
| Senior Associate/Consultant | 690 | 690 |
| Associate/Assistant Consultant | 375 | 375 |
| Support Staff | 205 | 190 |
| Offshore professionals | - | 190 |

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

Payments to associates

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

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

| Work undertaken | Why the work was necessary | What, if any, financial benefit the work provided to creditors OR whether it was required by statute |
|--|--|--|
| Accounting and treasury | | |
| <ul style="list-style-type: none"> • Conducting and reviewing periodic bank reconciliations; • Processing payments of invoices in a timely manner (paid from P4U due to a lack of funds in the estate); and • Maintaining accounting records. | <ul style="list-style-type: none"> • To ensure the proper management of the administration bank account. | <ul style="list-style-type: none"> • To ensure the proper management of the administration bank account. |
| Statutory and compliance | | |
| <ul style="list-style-type: none"> • Preparing and issuing the latest six monthly progress report to creditors; • Filing statutory case documentation at Companies House; • Reviewing the administration strategy; • Updating checklists and diary management system; • Preparing and filing a notice of extension of the administration to March 2026 at Companies House; • Conducting case reviews; and • Various other internal compliance procedures. | <ul style="list-style-type: none"> • To comply with mandatory statutory and other obligations placed on the joint administrators, and to ensure the orderly management and progression of the case. | <ul style="list-style-type: none"> • To comply with mandatory statutory and other obligations placed on the joint administrators, and to ensure the orderly management and progression of the case. |
| Tax and VAT | | |
| <ul style="list-style-type: none"> • Responding to HMRC regarding Corporation Tax matters | <ul style="list-style-type: none"> • To comply with statutory and other obligations placed on the joint administrators. | <ul style="list-style-type: none"> • Statutory and regulatory responsibilities. |

Our future work

We still need to do the following work to achieve the purpose of administration. (Note this excludes time relating to any potential future dividend).

| Work undertaken | Estimated cost £ | What, if any, financial benefit the work provided to creditors OR whether it was required by statute |
|---|---|---|
| Accounting and treasury | | |
| <ul style="list-style-type: none"> Conducting and reviewing periodic bank reconciliations; and Maintaining accounting records, including receipts from third parties. | <ul style="list-style-type: none"> 7,887 | <ul style="list-style-type: none"> To ensure the proper management of the administration bank accounts. |
| Creditors | | |
| <ul style="list-style-type: none"> Corresponding with creditors over email and telephone. | <ul style="list-style-type: none"> 11,726 | <ul style="list-style-type: none"> For the proper management of the administration and return of funds to creditors. |
| Statutory and compliance | | |
| <ul style="list-style-type: none"> Preparing and issuing the six-monthly progress reports to creditors; Comply with statutory filing requirements; Make a further application to Court for an extension if necessary; and Maintain case records. | <ul style="list-style-type: none"> 14,316.50 | <ul style="list-style-type: none"> Statutory and regulatory requirements. |
| Strategy and Planning | | |
| <ul style="list-style-type: none"> Reviewing the administration strategy and amending as appropriate; Updating checklists and diary management system; Regular team case progression and strategy meetings to ensure the proper management of the case; and Conducting case reviews every six months. | <ul style="list-style-type: none"> 10,070.50 | <ul style="list-style-type: none"> To ensure the orderly management and progression of the case. |
| Closure | | |
| <ul style="list-style-type: none"> Deal with closure formalities; Draft and issue final account to creditors, Court and the Registrar; and Close down internal systems and release the specific bond. | <ul style="list-style-type: none"> 15,000 | <ul style="list-style-type: none"> To ensure that the Company's affairs are wound down in an orderly manner. |

Our relationships

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

Details of subcontracted work

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

Legal and other professional firms

We've instructed the following professionals on this case:

| Service provided | Name of firm / organisation | Reason selected | Basis of fees |
|-------------------------------|-----------------------------|--|-------------------|
| Legal advice (general) | Allen & Overy LLP | Lawyers instructed in respect of the wider Phones 4U Group with knowledge which would add value to the administration. | Time and expenses |
| Professional fees | Citibank | To assist with the distribution of funds to the Bondholders. | Fixed fee |
| Professional fees | CEDR Limited | Provision of services to assist with investigation matters. | Fixed fee |
| Legal advice (investigations) | Brown Rudnick LLP | To assist with the investigation of claims brought by the Company. | Time and expenses |

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

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

Appendix D: Other information

| | |
|--|--|
| Court details for the administration: | High Court of Justice, Chancery Division, Companies Court 7184 of 2014 |
| Company's registered name: | Phosphorus Holdco Plc |
| Registered number: | 07479181 |
| Registered address: | Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL |
| Date of the joint administrators' appointment: | 8 October 2014 |
| Joint administrators' names, addresses and contact details: | <p>David James Kelly of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT (appointed on 26 May 2016)</p> <p>Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT (appointed on 19 December 2019)</p> <p><i>Former Joint Administrators</i></p> <p>Paul David Copley of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT (from 8 October 2014 to 27 May 2016)</p> <p>Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT (from 8 October 2014 to 8 November 2016)</p> <p>Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT (from 8 October 2014 to 5 December 2019)</p> <p>Email address: sarah.robson@pwc.com</p> |
| Objective being pursued: | 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). |
| Appointor's / applicant's name and address: | Court order following an application by the directors of the Company, based at Osprey House, Ore Close, Lymedale Business Park, Newcastle-under-Lyme, Staffordshire, ST5 9QD |
| Split of the joint 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. |
| Extension(s) to the initial period of appointment: | <ul style="list-style-type: none">• Initial extension granted to 15 March 2019;• Subsequent extension granted to 15 March 2020;• Three year extension granted to 15 March 2023; and• Three year extension granted to 15 March 2026. |
