

The Insolvency Act 1986

Administrator's progress report

Form 2.24B(CH)

Name of Company Powerhouse Golf Limited	Company number 07233549
In the High Court of Justice Chancery Division, Manchester District Registry (full name of court)	Court case number 3028 of 2015

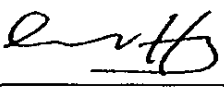
(a) Insert full name(s) and
address(es) of administrators

We (a) Philip Francis Duffy and Benjamin John Wiles of Duff & Phelps Ltd , The Chancery, 58
Spring Gardens, Manchester, M2 1EW and 32 London Bridge Street, London, SE19SG

Administrators of the above company attach a progress report for the period

from	to
(b) 1 October 2015	(b) 31 March 2016

(b) Insert dates

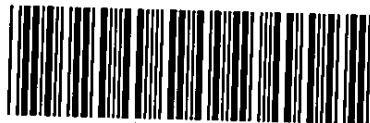
Signed 
Joint Administrator
Dated 28/4/16

Contact Details

You do not have to give any
contact information in the box
opposite but if you do, it will help
Companies House to contact you
if there is a query on the form
The contact information that you
give will be visible to searchers of

Duff & Phelps Ltd
The Chancery
58 Spring Gardens
Manchester, M2 1EW
Tel +44 (0) 161 827 9000

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



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COMPANIES HOUSE

Progress Report to Creditors

28 April 2016

Powerhouse Golf Limited (In Administration)

Joint Administrators' Progress Report to Creditors
For the period from 1 October 2015 to 31 March 2016
Pursuant to Rule 2 47(1) of the Insolvency Rules 1986 (as amended)

**Duff & Phelps Ltd.
The Chancery
58 Spring Gardens
Manchester
M2 1EW**

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	1 October 2015 being the date of appointment of the Joint Administrators
the Bank / NatWest	National Westminster Bank Plc with whom the Company banked and the holder of a fixed and floating charge over the Company's assets
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Company	Powerhouse Golf Limited (In Administration) (Company Number 07233549)
DBIS	The Department for Business Innovation and Skills
DGUK	Direct Golf UK Limited (In Administration) (Company Number 03901345)
the Director	John Andrew, the sole director of the Company
DLA	DLA Piper UK LLP
Duff & Phelps	Duff & Phelps Ltd
the Group	Powerhouse Golf Limited, Direct Golf UK Limited and John Letters Golf Limited (All in Administration)
JLG	John Letters Golf Limited (In Administration) (Company Number 05835531)
the Joint Administrators	Philip Duffy and Benjamin Wiles of Duff & Phelps Ltd The Chancery, 58 Spring Gardens, Manchester, M2 1EW and The Shard, 32 London Bridge Street, London, SE1 9SG respectively
the Notice	Notice to move from Administration to Dissolution – Form 2 35B
PHG	Powerhouse Golf Limited (In Administration) (Company Number 07233549)
Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available non-preferential creditors
the Proposals	The Joint Administrators' report to creditors and statement of proposals issued on 19 November 2015
the Reporting Period	the period 1 October 2015 to 31 March 2016

DUFF & PHELPS

the Rules	The Insolvency Rules 1986 (as amended)
SDR	Sportsdirect.com Retail Limited, the holder of a fixed and floating charge over the Company assets
the Secured Creditors	NatWest and SDR
SIP 9	Statement of Insolvency Practice 9 – industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements

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- 3 Analysis of Time Charged and Expenses Incurred

Names of Joint Administrators: Philip Duffy
Benjamin Wiles

Date of Appointment. 1 October 2015

Date of Report: 28 April 2016

Appointed By: Sportsdirect com Retail Limited, holder of a qualifying
floating charge, created on 4 September 2014

Court Reference: High Court of Justice, Chancery Division, Manchester
District Registry No 3028 of 2015

DUFF & PHELPS

1. Introduction

- 1 1 The Joint Administrators were appointed on the Appointment Date by SDR, the holder of a qualifying floating charge under Paragraph 14 of Schedule B1 to the Act
- 1 2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised by either of the Administrators
- 1 3 The purpose of this report is to provide creditors with details of the progress of the Administration for the Reporting Period, in accordance with Rule 2 47(1) of the Rules
- 1 4 This report should be read in conjunction with the Joint Administrators' Proposals
- 1 5 Statutory information on the Company is attached at Appendix 1

2. Joint Administrators' Report and Statement of Proposals

- 2 1 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not required to be held as there are no known non-preferential creditors of the Company. Should this position change it is currently estimated that there will be insufficient realisations to enable a distribution to non-preferential creditors. No meeting was convened and in accordance with Rule 2 33(5) of the Rules, the Proposals were deemed to have been approved by creditors on 2 December 2015
- 2 2 As advised in the Proposals, the Joint Administrators must perform their functions with the purpose of achieving one of the following hierarchical objectives
- Rescuing the Company as a going concern, or
 - 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
 - Realising property in order to make a distribution to one or more secured or preferential creditors
- 2 3 The first objective will not be achieved as there are insufficient funds and assets available to enable the Company to be rescued as a going concern
- 2 4 The second objective may not be achievable as there is no evidence to suggest that it is likely that a better result for the Company's creditors as a whole will be achieved than if the Company was wound up, as it is unlikely that there will be sufficient funds available to enable a distribution to be made to non-preferential creditors. However, an Administration was required to enable the Joint Administrators to take control of the principal trading entity DGUK, PHG is the largest non-preferential creditor of DGUK
- 2 5 The Joint Administrators are therefore seeking to achieve the third purpose of the Administration, in relation to making a distribution to SDR in its capacity as a secured creditor

3. Progress of the Administration

- 3 1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators and will continue to be managed and financed are set out overleaf

Asset Realisations

Intercompany Loan

- 3 2 As detailed in the Proposals, the Company advanced funds of c£3 75m to DGUK by way of an intercompany loan, funded via the secured loan agreement with SDR
- 3 3 This loan is unsecured and ranks as a non-preferential claim in the Administration of DGUK. It is currently anticipated that there will be sufficient funds available to enable a distribution to non-preferential creditors in the Administration of DGUK, however, the timing and quantum of any such dividend is wholly dependent on the outcome of the ongoing asset realisations and investigation in the Administration. An update will be provided in the next report to creditors

Investments

- 3 4 The Company's only additional asset is its shareholdings in DGUK and JLG
- 3 5 As Joint Administrators were appointed over DGUK and JLG on 16 October 2015 and 19 October 2015 respectively, no realisations are anticipated in respect of these shareholdings

Reimbursement of Pre-appointment Costs Paid

- 3 6 Following the Company entering Administration, it was necessary to settle certain costs incurred by the Group, to assist the Joint Administrators of DGUK and JLG in their investigations into the affairs of DGUK and JLG, totalling £8,884
- 3 7 Payment of these costs was initially made by the Company, due to the impending insolvency of DGUK and JLG, however, as such costs related to the investigations of DGUK and JLG directly and not those of the Company, the Joint Administrators sought reimbursement of these costs from the respective Administrations of DGUK and JLG
- 3 8 Funds have been received from the Administrations of DGUK and JLG of £6,230 and £2,654, respectively

SDR Funding

- 3 9 SDR has advanced further funding totalling £155,796, to assist in the payment of certain costs of the Administration. These funds have been advanced in priority to any other SDR funding
- 3 10 Such funds have been utilised in maintaining access and operation of certain key IT infrastructures, in addition to enabling payment of the pre-Administration and post Administration legal costs and disbursements incurred, further details of which are provided within this report at Section 7 and Appendix 3
- 3 11 Please note that these contributions do not form as an asset of the Administration estate and will be repaid to SDR once the Company holds sufficient funds to do so from asset realisations

Short Term Funding from JLG

- 3 12 The Joint Administrators were in receipt of two invoices relating to legal services provided to the Company and properly incurred

- 3 13 As the Company did not hold sufficient funds to enable these invoices to be paid, an agreement was made with the Joint Administrators of JLG for the provision of short term funding, totalling £19,011, to enable payment of the outstanding invoices
- 3 14 Please note that this loan does not form part of the assets of the Administration estate and following the receipt of the SDR advance, these monies were repaid to JLG including the costs of the short term funding

Bank Interest Gross

- 3 15 Gross bank interest of £1 has been received in respect of funds held in the Administration bank account

4. Investigations

- 4 1 The Joint Administrators' investigations into the Company's affairs are currently ongoing. The Joint Administrators cannot, at this stage, detail the nature of these investigations as it may hamper any further action that may be required. However, should any of the Company's creditors have information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please contact this office.
- 4 2 The Joint Administrators have complied with their statutory obligation to file a report with DBIS concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators' appointment. The content of this report is confidential.

5. Dividend Prospects / Prescribed Part

Secured Creditors

NatWest

- 5 1 In consideration for monies advanced under a loan and overdraft facility to DGUK, the Company granted NatWest a debenture dated 4 September 2014, which confers fixed and floating charges over the assets of the Company as part of a cross guarantee security that the Group granted to the Bank.
- 5 2 NatWest's outstanding Group indebtedness was discharged in full prior to the appointment of the Joint Administrators, following the offset of credit balances held in DGUK's bank accounts. A notice of satisfaction has not yet been filed at the Registrar of Companies.

SDR

- 5 3 In consideration for the monies advanced under a loan agreement, the Company granted SDR a debenture dated 4 September 2014, which confers fixed and floating charges over the assets of the Company.
- 5 4 SDR advanced monies to the Company totalling £3.75m to fund the ongoing trade of the Group.
- 5 5 The prospect of a dividend being made available to SDR is dependent on the outcome of the Administration of DGUK and a non-preferential dividend being received by the Company in respect of the intercompany loan, detailed at Section 3 of this report.
- 5 6 At present, the quantum of any distributions to be made to SDR under its security is uncertain.

Preferential Creditors

- 5 7 The Company did not have any employees. Accordingly, no preferential claims are expected to be received in the Administration.

Prescribed Part

- 5 8 As detailed in the Proposals, whilst the Company granted both SDR and NatWest floating charges over the Company's assets on 4 September 2014, the Company does not have any known non-preferential creditors. The Prescribed Part Provisions will therefore not apply.

Non-Preferential Creditors

- 5 9 According to the available records of the Company, there are no known non-preferential creditors.

6. Joint Administrators' Receipts and Payments Account

- 6 1 A detailed Receipts and Payments Account for the Reporting Period is shown in Appendix 2.
- 6 2 As at 31 March 2016 there was a cash balance of £20,034. These monies will be used to settle the short term funding advanced by JLG.

7. Pre-Administration Costs

- 7 1 On 24 November 2015, the following amounts in respect of Pre-Administration costs (plus VAT) were approved by the Secured Creditors, to be paid out of the assets of the Company:

Name of Recipient	Brief Description of Services Provided	Total Amount Approved
Duff & Phelps	Pre-Administration Fees	£9,681
DLA Piper UK LLP	Dealing with pre-Administration formalities as detailed in the Proposals	£45,400
DLA Piper UK LLP	Disbursements incurred in dealing with pre-Administration formalities	£1,854

- 7 2 The costs of DLA have been paid in full. Disbursements actually invoiced by DLA totalled £1,194. The costs of Duff & Phelps have not yet been settled.

8 Joint Administrators' Costs and Expenses

- 8 1 The Joint Administrators' basis of remuneration was approved on the basis of time costs incurred, on 24 November 2015 by the Secured Creditors.
- 8 2 In addition, the Secured Creditors agreed to the recharging of category 2 disbursements incurred in dealing with the Administration.
- 8 3 Time costs incurred in the Reporting Period total £36,056, representing 113 hours at an average hourly rate of £319. The time costs charged are analysed at Appendix 3.

- 8.4 In accordance with SIP 9, the Joint Administrators have provided creditors with additional information regarding major areas of time during the Reporting Period recorded below
- Time costs of £9,927 have been incurred under the heading Strategy, planning and control. This relates to agreeing the strategy in respect of the Administration and corresponding with the Secured Creditors in this regard.
 - Time costs of £9,648 have been incurred under the heading Statutory Matters (Meetings, Reports & Notices). This relates to the time spent drafting and circulating the Proposals, notices following the appointment of the Joint Administrators and dealing with the filing requirements in the Administration.
 - Time costs of £1,390 have been incurred under the heading Cashiering & Accounting. This relates to time spent recording receipts into the Administration account and paying outstanding expenses incurred during the Administration, including pre-Administration costs.
 - Time costs of £4,753 have been incurred under the heading Case Review and Case Diary Management. This relates to maintaining the Administration working files, completing ongoing case reviews as required by the Joint Administrators' authorising body and ensuring that all statutory requirements have and are being met.
 - Time costs of £5,719 have been incurred under the heading Secured Creditors. This relates to time spent corresponding with the Secured Creditors in respect of the progress of the Administration, funding requirements to settle outstanding costs of the Administration and statutory notifications following the appointment of the Joint Administrators.
 - Time costs of £3,542 have been incurred under the heading CDDA Reports & Communication. This relates to time spent in conducting investigations into the affairs of the Company and the Directors within the 3 years leading up to the date of Administration, and complying with the Joint Administrators' obligations to submit a report to the DBIS in respect of the conduct of the Directors.
- 8.5 No fees have been drawn to date in respect of time costs incurred.
- 8.6 The Joint Administrators' disbursements are also detailed at Appendix 3.
- 8.7 The Joint Administrators have incurred expenses in dealing with the Administration of the Company and these are detailed in Appendix 3.
- 8.8 Information regarding the fees and disbursements of Administrators, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from the Joint Administrators' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides>. Should you require a copy, please contact this office.
- 8.9 In accordance with Rule 2.48A of the Rules, secured creditors and non-preferential creditors (with the concurrence of at least 5% in value of total non-preferential claims) may make a request in writing to the Joint Administrators for further information about the remuneration or expenses set out in this progress report. This should be done within 21 days receipt of this report, after which the Joint Administrators have 14 days to respond.
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- 8 10 In addition to the above, any secured creditor, or any non-preferential creditor (with the support of at least 10% in value of the non-preferential creditors or the permission of the Court), may apply to the Court on the grounds that the remuneration or basis fixed for the Joint Administrators' remuneration or the expenses incurred by the Joint Administrators are considered to be excessive. In accordance with Rule 2.109 of the Rules, this application must be made no later than eight weeks after receipt of the Progress Report, where the charging of the remuneration or the incurring of expenses in question occurs.

9. Conclusion and Ending the Administration

- 9 1 An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent.
- 9 2 The period of the Administration is due to come to an end on 30 September 2016. The requirement to request an extension to the Administration period is wholly dependent on the timing of the receipt of a dividend from the Administration of DGUK, as detailed at Section 3 of this report.
- 9 3 Should an extension to the Administration period be required, the Secured Creditors will be contacted accordingly in this regard.
- 9 4 As the Company does not have any known non-preferential creditors it is anticipated that following final distributions to the Secured Creditors, the Notice will be submitted to the Registrar of Companies pursuant to Paragraph 84 of Schedule B1 to the Act.
- 9 5 Following registration of the Notice by the Registrar of Companies, the Joint Administrators' appointment will cease to have effect, and they will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Act.
- 9 6 At the end of three months beginning with the date of the Notice being registered by the Registrar of Companies the Company will be dissolved.

10. Next Report

- 10 1 Generally the Joint Administrators will provide a Progress Report within one month of the end of each six months of the Administration or earlier if an extension to the period of the Administration is required.
- 10 2 As detailed above, the requirement to extend the period of the Administration is wholly dependent on the timing of the receipt of a dividend payment from the Administration of DGUK. The next report to creditors will be no later than September 2016.
- 10 3 If you have any queries or require any further assistance, please do not hesitate to contact my colleague Chris Lawton of this office.



Philip Duffy
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Philip Duffy and Benjamin Wiles, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association and are bound by the Insolvency Code of Ethics.

Appendix 1

Statutory Information

Statutory Information

Date of Incorporation	23 April 2010
Registered Number	07233549
Company Director	John Andrew
Company Secretary	Elizabeth Hibbard
Shareholders	John Andrew – 75 Ordinary £1 Shares (75%) SDI Golf Limited – 25 Ordinary £1 Shares (25%)
Trading Address	Union Mills Bankwell Road Milnsbridge Huddersfield HD3 4LU
Registered Office	Current: The Chancery 58 Spring Gardens Manchester M2 1EW Former: Union Mills Bankwell Road Milnsbridge Huddersfield HD3 4LU
Any Other Trading Names	None

Appendix 2

Joint Administrators' Receipts and Payments Account

DUFF & PHELPS

Powerhouse Golf Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 01/10/2015 To 31/03/2016	
	SECURED ASSETS		
NIL	Investments - DGUK & JLG	NIL	
		<u>NIL</u>	
	ASSET REALISATIONS		
Uncertain	DGUK - Unsecured Dividend	NIL	
	Bank Interest Gross	0.93	
Uncertain	Tax Loss Consideration	NIL	
	Sports Direct.com contribution	155,795 92	
	Loan from John Letters Golf Limited	19,010.96	
	Reimbursement of Pre-appt costs paid	8,884 00	
		<u>183,691.81</u>	
	COST OF REALISATIONS		
	Pre-Appointment Legal Fees	45,400.00	
	Pre-Appointment Legal Disbursements	1,193.54	
	IT Costs	8,883.06	
	Post Appointment Legal Fees	57,000 00	
	Post Appointment Legal Disbursements	23,858.45	
	Irrecoverable VAT	27,216.01	
	Bank Charges	107 00	
		<u>(163,658.06)</u>	
	FLOATING CHARGE CREDITORS		
Uncertain	National Westminster Bank Plc	NIL	
(3,750,000 00)	Sportsdirect com Retail Limited	NIL	
		<u>NIL</u>	
	UNSECURED CREDITORS		
NIL	Trade & Expense Creditors	NIL	
		<u>NIL</u>	
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	
		<u>NIL</u>	
(3,750,100.00)		<u>20,033.75</u>	
	REPRESENTED BY		
	Floating/main current account	20,033.75	
		<u>20,033.75</u>	

Appendix 3

Analysis of Time Charged and Expenses Incurred

DUFF & PHELPS

64207 POWERHOUSE GOLF LIMITED

ANALYSIS OF TIME COSTS FOR THE PERIOD 01/10/2015 to 31/03/2016

ADM-Admin - Post Appt

Classification of Work Function	Partner	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost	Avg Hourly Rate
Administration and Planning								
Case review and Case Diary management	4 80	3 40	0 00	4 70	0 00	12 90	4,752 50	368 41
Cashiering & accounting	0 00	1 00	2 40	0 90	0 00	4 30	1,390 00	323 26
Insurance	0 00	0 00	0 00	0 50	0 00	0 50	105 00	210 00
Statutory matters (Meetings & Reports & Notices)	0 00	13 50	2 00	20 55	0 00	36 05	9,648 00	267 63
Strategy planning & control	0 00	26 20	0 00	1 00	0 00	27 20	9,927 00	364 96
Creditors								
Communications with Creditors/Employees	1 00	0 50	0 00	0 80	0 00	2 30	805 50	350 22
Secured Creditors	0 00	15 25	0 00	0 00	0 00	15 25	5,718 75	375 00
Investigations								
CDDA & reports & Communication	0 00	3 75	0 00	10 20	0 00	13 95	3,542 00	253 91
Financial review and investigations (S238/239 etc)	0 00	0 50	0 00	0 00	0 00	0 50	167 50	335 00
Total Hours	5 80	64 10	4 40	38 65	0 00	112 95		319 22
Total Fees Claimed	2,994 00	23,549 75	1,374 00	8,138 50	0 00		36,056 25	

**Powerhouse Golf Limited (In Administration)
Joint Administrators' Disbursements**

	Reporting Period	
	Incurred	Amount Paid
	(£)	(£)
Category 1		
Statutory Advertising	84 60	0 00
Bond Premium	225 00	0 00
Travel costs (not mileage)	310 50	0 00
Bank Charges	107 00	107 00
TOTAL	<u>£727.10</u>	<u>£107.00</u>

The above costs exclude VAT

No Category 2 disbursements have been charged to this matter

Powerhouse Golf Limited (in Administration)
Joint Administrators' Expenses

Company	Activity	Fee Basis	Notes	Reporting Period	
				Incurred	Amount Paid
				(£)	(£)
Professional Advisors					
DLA Piper UK LLP	Solicitors' Legal advice	Time costs		57,000 00	57,000 00
DLA Piper UK LLP	Legal Disbursements	Costs incurred	1	23,858 45	23,858 45
JM Computing Limited	IT Costs	Time costs	2	8,883 06	8,883 06
TOTAL				<u>£89,741.51</u>	<u>£89,741.51</u>

The Joint Administrators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee

The above costs are exclusive of VAT. Please note that the Company was not registered for VAT purposes, any VAT paid is therefore irrecoverable

Notes

1 This costs has been reimbursed to the Company by DGUK and JLG as detailed at Section 3.8 of this report