

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 Duffy of Duff & Phelps Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW and Benjamin Wiles of Duff & Phelps., The Shard, 32 London Bridge St, London SE1 9SG

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

from

to

(b) Insert dates

(b) 1 October 2016	(b) 30 March 2017
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Signed

Joint Administrator

Dated

28/04/2017

SATURDAY



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29/04/2017

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COMPANIES HOUSE

Progress Report to Creditors

28 April 2017

Powerhouse Golf Limited (In Administration)

Joint Administrators' Progress Report to Creditors
For the period from 1 October 2016 to 30 March 2017

**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)
DBEIS	The Department for Business, Energy and Industrial Strategy
DGUK	Direct Golf UK Limited (In Liquidation) (Company Number: 03901345)
the Director	John Andrew, the sole director of the Company
DLA	DLA Piper UK LLP
Duff & Phelps	Duff & Phelps Ltd.
the Extension Report	The Joint Administrators' Extension Request to Creditors dated 30 September 2016
the Group	Powerhouse Golf Limited (In Administration), Direct Golf UK Limited (In Liquidation) and John Letters Golf Limited (In Liquidation)
JLG	John Letters Golf Limited (In Liquidation) (Company Number: 05835531)
the Joint Administrators	Philip Duffy and Benjamin Wiles of Duff & Phelps 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 AM23
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 Previous Progress Report	The Joint Administrators' Progress Report dated 28 April 2017
the Proposals	The Joint Administrators' Report to Creditors and Statement of Proposals issued on 19 November 2015

the Reporting Period	The period from 1 October 2016 to 30 March 2017
the Rules	The Insolvency Rules 1986 (as amended)
the Secured Creditor / SDR	Sportsdirect.com Retail Limited, the holder of a fixed and floating charge over the Company assets
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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5. Proof of Debt Form

Names of Joint Administrators: Philip Duffy
Benjamin Wiles

Date of Appointment: 1 October 2015

Date of Report: 25 April 2017

Appointed by: Sportsdirect.com Retail Limited
Unit A Brook Park Estate
Shirebrook
NG20 8RY

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

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 The Court Reference is: The High Court of Justice, Chancery Division, Manchester District Registry no. 3028 of 2015.
- 1.3 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators may be exercised by either of the Joint Administrators.
- 1.4 The purpose of this report is to provide creditors with details of the progress of the Administration during the Reporting Period.
- 1.5 This report should be read in conjunction with the Proposals, the Previous Progress Report and the Extension Report.
- 1.6 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 will be insufficient realisations to enable a distribution to non-preferential creditors. No meeting was convened and 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.
- 2.5 It was originally anticipated that the value of the investments in DGUK and JLG would be maximised through a solvent rescue of these companies, and the removal of the incumbent management team by the Company. However, the lack of key financial and operational information in the Group has meant that a solvent solution was not possible.
- 2.6 The Joint Administrators will therefore pursue the third purpose of Administration, in making a distribution to the Secured Creditor.

3. Progress of the Administration

- 3.1 The manner in which the affairs and business of the Company have been managed in the Reporting Period and will continue to be managed and financed are set out below.

Asset Realisations

- 3.2 There have been no assets realisation during the Reporting Period, other than minimal bank interest.

Intercompany Loan

- 3.3 As detailed in the Extension Report, the sum of c£3.75m was advanced to DGUK by the Company by way of an intercompany loan.
- 3.4 The loan ranks as a non-preferential claim in the Liquidation of DGUK. It is anticipated that there may be sufficient funds available in the Liquidation of DGUK to enable a distribution to its non-preferential creditors. However, the prospect and quantum of a dividend from the Administration of DGUK is dependent on the ongoing asset realisations and investigations.
- 3.5 In view of the above, the Administration of the Company has been extended until 30 September 2017 in order facilitate the collection of any potential dividend due to the Company from the Liquidation of DGUK.
- 3.6 Should the asset realisation process and associated investigations in the Liquidation of DGUK continue past 30 September 2017, the Joint Administrators will seek a further extension to the Administration from court.
- 3.7 A further update on the intercompany loan will be provided in the next report to creditors.

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.
- 4.3 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 DBEIS 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 was filed on 15 October 2016.

SDR

- 5.3 The Company granted SDR a debenture dated 4 September 2014 in respect of monies advanced to fund the ongoing trade of the Group under a loan agreement totalling c£3.75m.
- 5.4 The quantum and timing of a distribution to SDR is uncertain and will be 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, as detailed at Section 3.

Preferential Creditors

- 5.5 The Company did not have any employees. Accordingly, no preferential claims have been received to date and no claims are anticipated in this regard.

Prescribed Part

- 5.6 As previously reported, 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 would therefore not apply.

Non-preferential Creditors

- 5.7 There are no known non-preferential creditors of the Company.

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 the end of the Reporting Period there was a cash balance of £110.

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 Creditor, 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 plus disbursements of £1,851

- 7.2 The costs of DLA have been paid in full which includes £1,777 of Irrecoverable VAT.
- 7.3 The sum of £1,194 has also been paid to DLA in respect of Pre-Administration disbursements.
- 7.4 No invoice has been received for the remaining Pre-Administration disbursements of DLA and consequently these remain unpaid.
- 7.5 The costs of Duff & Phelps have also not yet been paid.

8. Joint Administrators' Costs and Expenses

- 8.1 The Joint Administrators' remuneration was approved on the basis of time costs incurred, on 24 November 2015, by the Secured Creditor.
- 8.2 In addition, the Secured Creditor agreed to the recharging of Category 2 Disbursements incurred in dealing with the Administration.
- 8.3 Time costs incurred in the Reporting Period total £537, representing 3 hours at an average hourly rate of £199. A time cost analysis attached at Appendix 3.
- 8.4 In accordance with SIP 9, the Joint Administrators have provided creditors with additional information regarding the areas of time incurred during the Reporting Period below:
- Time costs of £76 have been incurred under the heading Cashiering & Accounting. This relates to time spent reconciling the Administration estate account.
 - Time costs of £144 have been incurred under the heading Tax Compliance/Planning. This relates to time spent ensuring all tax requirements in the Administration have been complied with.
 - Time costs of £317 have been incurred under the heading Strategy Planning & Control. This relates to internal discussions relating to general Administration progression matters.
- 8.5 Time costs incurred since the Appointment Date total £46,715, representing 151 hours at an average hourly rate of £310.
- 8.6 No fees have been drawn to date in respect of time costs incurred.
- 8.7 The Joint Administrators' have not incurred any further expenses or disbursements in the Reporting Period.
- 8.8 A statement of creditors' rights concerning the Joint Administrators' fees is enclosed as Appendix 4.

9. Conclusion and Ending of 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 As previously reported, the Joint Administrators obtained approval from the Secured Creditor to extend the period of Administration to 30 September 2017.
- 9.3 A further extension to the period of Administration may be required should the asset realisations and investigations in the Liquidation of DGUK continue past 30 September 2017.
- 9.4 Should a further extension be required, the Joint Administrators will seek approval from court to extend the Administration for an additional 12 months.
- 9.5 If a further extension is not required, it is anticipated that the Notice will be submitted to the Registrar of Companies pursuant to Paragraph 84 of Schedule B1 to the Act.
- 9.6 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.
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- 9.7 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 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration
- 10.2 As detailed above, it is currently uncertain whether a further extension to the Administration will be required. Therefore, the next report to creditors will either be a Final Report or an Extension Report, subject to the outcome of the Liquidation of DGUK.
- 10.3 If you have any queries or require any further assistance, please do not hesitate to contact my colleague Jamie Maddox 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.

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

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

Statement of Affairs £		From 01/10/2016 To 30/03/2017 £	From 01/10/2015 To 30/03/2017 £
	SECURED ASSETS		
NIL	Investments - DGUK & JLG	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	ASSET REALISATIONS		
Uncertain	DGUK - Unsecured Dividend	NIL	NIL
	Bank Interest Gross	0.07	38.75
Uncertain	Tax Loss Consideration	NIL	NIL
	Sports Direct.com contribution	NIL	155,795.92
	Loan from John Letters Golf Limited	NIL	19,010.96
	Reimbursement of Pre-appt costs paid	<u>NIL</u>	<u>8,884.00</u>
		0.07	183,729.63
	COST OF REALISATIONS		
	Pre-Appointment Legal Fees	NIL	45,400.00
	Pre-Appointment Legal Disbursements	NIL	1,193.54
	IT Costs	NIL	8,883.06
	Legal Fees	NIL	57,000.00
	Legal Disbursements	NIL	23,858.45
	Irrecoverable VAT	NIL	27,216.01
	Repayment of JLG Loan	NIL	19,961.51
	Bank Charges	<u>NIL</u>	<u>107.00</u>
		NIL	(183,619.57)
	FLOATING CHARGE CREDITORS		
Uncertain	National Westminster Bank Plc	NIL	NIL
(3,750,000.00)	Sportsdirect.com Retail Limited	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	UNSECURED CREDITORS		
NIL	Trade & Expense Creditors	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(3,750,100.00)</u>		<u>0.07</u>	<u>110.06</u>
	REPRESENTED BY		
	Floating/main current account		110.06
			<u>110.06</u>

Note:

Appendix 3

Analysis of Time Charged

64207 POWERHOUSE GOLF LIMITED

ANALYSIS OF TIME COSTS FOR THE PERIOD 01/10/2016 to 30/03/2017

ADM-Admin. - Post Appt.

Classification of Work Function	Hours					Total Hours	Time Cost	Avg. Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Cashiering & accounting	0.00	0.00	0.00	0.40	0.00	0.40	76.00	190.00
Strategy planning & control	0.00	0.30	0.00	1.20	0.00	1.50	318.50	211.00
Tax Compliance/Planning	0.00	0.00	0.00	0.80	0.00	0.80	144.00	180.00
Total Hours:	0.00	0.30	0.00	2.40	0.00	2.70		198.70
Total Fees Claimed:	0.00	100.50	0.00	436.00	0.00		536.50	

64207 POWERHOUSE GOLF LIMITED
ANALYSIS OF TIME COSTS FOR THE PERIOD 01/10/2015 to 30/03/2017

ADM-Admin. - Post Appt.

Classification of Work Function	Hours					Total Hours	Time Cost	Avg Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Case review and Case Diary management	5.30	3.80	0.00	6.70	0.00	15.80	5,381.50	340.60
Cashiering & accounting	0.00	1.00	2.80	2.80	0.00	6.60	1,923.50	291.44
Insurance	0.00	0.00	0.00	0.50	0.00	0.50	105.00	210.00
Statutory matters (Meetings & Reports & Notices)	0.50	21.90	4.50	33.05	0.00	59.95	16,174.00	269.78
Strategy planning & control	0.00	28.50	0.00	2.20	0.00	30.70	10,913.50	355.48
Tax Compliance/Planning	0.00	0.00	0.00	0.80	0.00	0.80	144.00	180.00
Creditors								
Communications with Creditors/Employees	1.50	0.50	0.00	0.80	0.00	2.80	1,070.50	382.32
Secured Creditors	0.00	19.00	0.00	0.00	0.00	19.00	7,293.75	383.88
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 (\$238/239 etc)	0.00	0.50	0.00	0.00	0.00	0.50	167.50	335.00
Total Hours:	7.30	78.95	7.30	57.05	0.00	150.60		310.18
Total Fees Claimed:	3,789.00	29,327.75	2,220.50	11,378.00	0.00		46,715.25	

Appendix 4

Creditors Rights

STATEMENT OF CREDITORS RIGHTS

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section numbers refer to Insolvency Act 1986

If you require a copy of any relevant rule or section, please contact Jamie Maddox at jamie.maddox@duffandphelps.com.

This notice is accompanied by the Final Progress Report of the Joint Administrators.

Information for creditors on remuneration and disbursements of administrators

Information regarding the fees and disbursements of the Joint 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> (click on the document 'Administration (appointment from 1 October 2015)'). Should you require a copy, please contact this office.

Creditors have the right to request information from the Administrator under rule 18.9

Secured Creditors and non-preferential creditor with the concurrence of at least 5% in value of the non-preferential creditors (including the creditor in question) or any non-preferential creditor with the permission of the Court may make a written request to the Joint Administrators for further information concerning remuneration or expenses (other than Pre-Administration costs). Such a request must be made within 21 days of receipt of this Final Progress Report and a response will be provided within 14 days of receipt of the request.

Creditors have recourse to Court, application to be made within 21 days of the Joint Administrators giving reasons for not providing all the information requested or the expiry of the 14 days within which the Joint Administrators must respond to a request.

Creditors have the right to challenge the Administrator's remuneration and expenses under rule 18.34

Any Secured Creditor or any non-preferential creditor with the concurrence of at least 10% in value of the non-preferential creditors (including that creditor) or any non-preferential creditor with the permission of the Court, may make an application to court on the grounds that the remuneration charged or expenses incurred are excessive and/or that the basis fixed for the Liquidator's remuneration is inappropriate. The application to court must be made no later than eight weeks after receipt of the report or account which first reports the charging of the remuneration or the incurring of expenses in question.

Appendix 5

Proof of Debt Form

PROOF OF DEBT - GENERAL FORM

Powerhouse Golf Limited 07233549	
This proof must be made out by, or under the direction of, the creditor and authorised by the creditor or a person with relevant authorisation as at the date of Administration order.	
Date of Administration Order	
1.	Name of Creditor (If a company please also give company name and registration number)
2.	Address of Creditor for correspondence (principal place of business)
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration
4.	If amount in 3 above includes outstanding uncapitalised interest please state amount
5.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
6.	Particulars of any security held, the value of the security, and the date it was given
7.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates
8.	Details of any documents by reference to which the debt can be substantiated. [Note there is no need to attach them now but the administrator may call for any document or evidence to substantiate the claim at his discretion as may the chair or convenor of any meeting]
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>
	Address of person signing (if different from 2 above)
	Admitted to vote for
	Admitted for dividend for
	£
	£
	Date
	Date
	Administrator
	Administrator