

Registration number 07233549

**Powerhouse Golf Limited**  
**Annual report and consolidated financial statements**  
**for the year ended 30 September 2014**

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## **Powerhouse Golf Limited**

### **Company information**

Directors	J Andrew R A Haigh
Company number	07233549
Registered office	Union Mills Bankwell Road Milnsbridge Huddersfield West Yorkshire HD3 4LU
Auditors	B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB

## **Powerhouse Golf Limited**

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**Powerhouse Golf Limited**  
**Strategic report**  
**for the year ended 30 September 2014**

**Principal activity**

The principal activities of the group are those of retailing and direct selling of golfing equipment, clothing and ancillary services and activities.

**Business review**

Following a business restructuring on 13 August 2014 Direct Golf UK Limited and John Letters Golf Limited combined into a group which has Powerhouse Golf Limited as the holding company. The business combination has been accounted for by the use of merger accounting and the results shown in the group accounts are those of the group for the year ended 30 September 2014 with the comparatives reflecting the group results for the year ended 30 September 2013.

*Trading performance*

As shown in the group's profit and loss account on page 7, turnover has fallen by 13.4% compared to the previous year. Golf in general has suffered at the hands of the adverse weather and turnover has suffered in the regions of the UK that were severely affected by flooding in late 2013 and early 2014.

Also general market conditions have seen the public spending less on leisure activities. During the year the directors embarked upon a significant overhead review / reduction and streamlined the business operations in line with the reduction in turnover.

Outsourcing of the warehousing facilities will see the group make significant cost savings and especially in the off season / winter.

The directors consider the results for the year ended 30 September 2014, and the group's financial position at that date to be satisfactory given the group has achieved an operating profit of £250,612.

*Developments during the year*

The directors are pleased to report that in September 2014 the company collaborated with Sports Direct International apart from significant investment received, this collaboration gives a huge opportunity for growth in the UK & Europe through the SDI portfolio of businesses and facias. This collaboration also provides funding for the opportunity for growth through acquisition.

The directors are very excited about the potential and delivering its business plans and the group's continued profitability in the future.

**Powerhouse Golf Limited**  
**Strategic report**  
**for the year ended 30 September 2014**

**Financial risks and uncertainties**

The company's activities expose it to certain financial risks including credit risk and liquidity risk.

*Credit risk*

The group's principal financial assets are bank balances and trade and other debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the Balance Sheet are after allowances for bad debt provisions. Detailed credit checks are undertaken on all customers and credit limits are continually monitored.

*Liquidity risk*

The group's financing requirements are constantly monitored in order to maintain liquidity such that sufficient funds are available for ongoing operations and future developments.

**Employees**

Details of the number of employees and related costs are shown in Note 6 to the financial statements.

**Creditor payment policy**

The group's policy is to pay creditors in line with each of its suppliers' credit term, and take all settlement discounts where applicable.

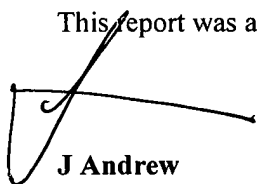
**Future outlook**

The directors are excited very positive about the future growth of the group.

The collaboration with Sports Direct International and investment received will allow the group to proceed with its plans to open new stores across the UK and open new markets in Europe across the Sports Direct International group of facias which exceeds 1,000. Also to develop and grow its online business whilst continuing to invest in new product lines.

The directors are also encouraged by the signs that the retail market is improving significantly.

This report was approved by the Board on 29 May 2015 and signed on its behalf by



**J Andrew**  
**Director**

## **Powerhouse Golf Limited**

### **Directors' report for the year ended 30 September 2014**

The directors present their report and the financial statements for the year ended 30 September 2014.

#### **Change of name**

The company was incorporated on 23 April 2010 as BAXCO0410 Limited. The name of the company was changed to Powerhouse Golf Limited on 11 June 2014.

#### **Results and dividends**

The results for the year are set out on page 7 reflect the group's results for the year ended 30 September 2014 accounted as a business combination under merger accounting.

The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who served during the year are as stated below:

J Andrew

R A Haigh

J Toase (resigned 16 April 2015)

#### **Charitable Donations**

During the year the company made charitable donations amounting to £2,015.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual report and the consolidated financial statements and the group and company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of their profit or loss of the company for that year.

In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Powerhouse Golf Limited**

**Directors' report  
for the year ended 30 September 2014**

**Statement of disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

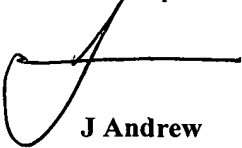
**Strategic Report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has disclosed the information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in its Strategic Report.

**Auditors**

B M Howarth Ltd have indicated their willingness to continue in office as the company's auditor and will be deemed to be re-appointed in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the Board on 29 May 2015 and signed on its behalf by



**J Andrew  
Director**

**Independent auditor's report to the shareholders of  
Powerhouse Golf Limited**

We have audited the financial statements of Powerhouse Golf Limited for the year ended 30 September 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and consolidated financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of Matter - Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered and wish to bring to your attention the group's adoption of an accounting policy which does not comply with UK GAAP and which is disclosed in note 1 to the financial statements. Our opinion is not qualified in this respect.



**Independent auditor's report to the shareholders of  
Powerhouse Golf Limited**

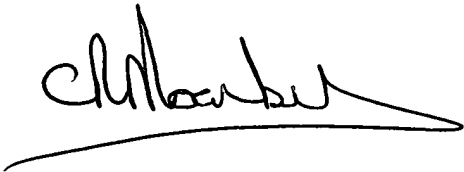
**Opinion on other matter prescribed by the Companies Act 2006.**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Charles R Moorby (senior statutory auditor)  
For and on behalf of B M Howarth Ltd  
Chartered Accountants and  
Statutory Auditor  
29 May 2015**

**West House  
King Cross Road  
Halifax  
West Yorkshire  
HX1 1EB**

**Powerhouse Golf Limited**

**Group profit and loss account  
for the year ended 30 September 2014**

		2014	2013
	Notes	£	£
<b>Turnover</b>	<b>2</b>	21,395,624	24,709,901
Cost of sales		(13,094,890)	(15,855,689)
<b>Gross profit</b>		<u>8,300,734</u>	<u>8,854,212</u>
Distribution costs		(297,272)	(342,407)
Administrative expenses		(7,802,657)	(8,096,522)
Other operating income		49,807	187,822
<b>Operating profit</b>	<b>3</b>	<u>250,612</u>	<u>603,105</u>
Interest receivable	<b>4</b>	32	217
Interest payable	<b>5</b>	(68,831)	(61,893)
<b>Profit on ordinary activities before taxation</b>		<u>181,813</u>	<u>541,429</u>
Tax on profit on ordinary activities	<b>8</b>	(74,937)	(89,186)
<b>Profit for the year</b>	<b>19</b>	<u><u>106,876</u></u>	<u><u>452,243</u></u>

All of the group's activities in the above reporting periods derived from continuing activities and there are no recognised gains or losses other than the profit or loss in those periods.

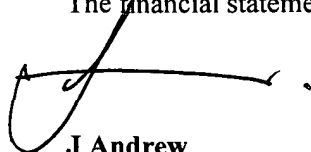
**The notes on pages 11 to 24 form an integral part of these financial statements.**

**Powerhouse Golf Limited**

**Group balance sheet  
as at 30 September 2014**

		2014		2013	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		2,892,795		2,903,422
Tangible assets	11		1,251,366		2,444,479
			<u>4,144,161</u>		<u>5,347,901</u>
<b>Current assets</b>					
Stocks	13	6,461,235		6,054,404	
Debtors	14	2,056,810		1,213,029	
Cash at bank and in hand		1,233,187		883,901	
		<u>9,751,232</u>		<u>8,151,334</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,045,923)</u>		<u>(7,062,660)</u>	
<b>Net current assets</b>			<u>3,705,309</u>		<u>1,088,674</u>
<b>Total assets less current liabilities</b>			7,849,470		6,436,575
<b>Creditors: amounts falling due after more than one year</b>	16		(3,827,670)		(2,522,000)
<b>Provisions for liabilities</b>	17		<u>(119,560)</u>		<u>(119,210)</u>
<b>Net assets</b>			<u>3,902,240</u>		<u>3,795,365</u>
<b>Capital and reserves</b>					
Called up share capital	18		100		1
Other reserves	19		599,902		600,002
Profit and loss account	19		3,302,238		3,195,362
<b>Shareholders' funds</b>	20		<u>3,902,240</u>		<u>3,795,365</u>

The financial statements were approved by the board on 29 May 2015 and are signed on their behalf by:



**J Andrew  
Director**

**Registration number 07233549**

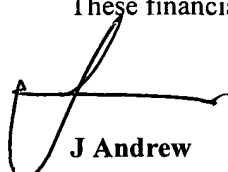
**The notes on pages 11 to 24 form an integral part of these financial statements.**

**Powerhouse Golf Limited**

**Parent company balance sheet  
as at 30 September 2014**

		30/09/2014		30/04/2014	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	12		35,687		-
<b>Current assets</b>					
Debtors	14	2,219,221		-	
Cash at bank and in hand		-		1	
		<u>2,219,221</u>		<u>1</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(9,808)</u>		<u>-</u>	
<b>Net current assets</b>			<u>2,209,413</u>		<u>1</u>
<b>Total assets less current liabilities</b>			2,245,100		1
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(2,250,000)</u>		<u>-</u>
<b>Deficiency of assets</b>			<u>(4,900)</u>		<u>1</u>
<b>Capital and reserves</b>					
Called up share capital	18		100		1
Profit and loss account	19		<u>(5,000)</u>		<u>-</u>
<b>Shareholders' deficiency</b>	20		<u>(4,900)</u>		<u>1</u>

These financial statements were approved by the board on 29 May 2015 and signed on its behalf by:

  
**J Andrew**  
Director

Registration number 07233549

The notes on pages 11 to 24 form an integral part of these financial statements.

**Powerhouse Golf Limited**

**Group cash flow statement  
for the year ended 30 September 2014**

	Notes	2014 £	2013 £
<b>Reconciliation of operating profit to net cash outflow from operating activities</b>			
Operating profit		250,612	603,105
Depreciation		324,949	244,725
(Increase)/decrease in stocks		(406,831)	1,583,543
(Increase) in debtors		(843,781)	(252,147)
(Decrease) in creditors		(941,969)	(1,281,453)
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(1,617,020)</u>	<u>897,773</u>
<b>Cash flow statement</b>			
Net cash (outflow)/inflow from operating activities		(1,617,020)	897,773
Returns on investments and servicing of finance	24	(68,799)	(61,676)
Taxation	24	79,618	(156,770)
Capital expenditure	24	878,692	(659,626)
		<u>(727,509)</u>	<u>19,701</u>
Financing	24	1,295,515	1,722,001
<b>Increase in cash in the year</b>		<u>568,006</u>	<u>1,741,702</u>
<b>Reconciliation of net cash flow to movement in net debt (Note 25)</b>			
<b>Increase in cash in the year</b>		568,006	1,741,702
Cash outflow from decrease in debts and lease financing		(1,295,416)	(1,122,000)
Change in net debt resulting from cash flows		(727,410)	619,702
<b>Net debt at 1 October 2013</b>		<u>(3,744,848)</u>	<u>(4,364,550)</u>
<b>Net debt at 30 September 2014</b>		<u>(4,472,258)</u>	<u>(3,744,848)</u>

## **Powerhouse Golf Limited**

### **Notes to the financial statements for the year ended 30 September 2014**

#### **1. Accounting policies**

##### **Accounting convention**

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

##### **Basis of consolidation**

On 13 August 2014 a business combination occurred resulting in the creation of a new group structure having Powerhouse Golf Limited as the parent company.

The group financial statements consolidate the accounts of Powerhouse Golf Limited and its subsidiary undertakings using merger accounting in accordance with FRS 6 "Acquisitions and Mergers".

The group profit and loss account includes the results of the company and all of its subsidiaries for the year ended 30 September 2014 with the comparative figures disclosing the results of the company and its subsidiaries for the year ended 30 September 2013.

All known inter-group transactions and balances have been eliminated.

##### **Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Turnover is recognised on despatch/collection of goods.

##### **Goodwill**

The cost of goodwill on the acquisition of the original business by Direct Golf UK Limited is subject to an annual impairment review by the directors. The directors are of the opinion the acquired goodwill represents its present value to the company through continued use. Although this policy is not in accordance with FRS10, the directors consider that the departure is necessary for the overriding purpose of providing a true and fair view.

All other acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

##### **Patents**

Patents are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of between 5 - 20 years.

## **Powerhouse Golf Limited**

### **Notes to the financial statements for the year ended 30 September 2014**

#### **Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% - 10% straight line basis
Plant and machinery	-	25% reducing balance
Fixtures, fittings and equipment	-	25% straight line basis and 10-15% reducing balance basis
Motor vehicles	-	20% and 33% straight line basis

#### **Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **Stock**

Stock is valued at the lower of cost and net realisable value.

#### **Pensions**

Defined contribution pension schemes are operated in respect of certain employees. The pension costs charged in the financial statements represent the contributions payable by the group companies during the year.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**2. Turnover**

	<b>2014</b>	<b>2013</b>
<b>Geographical market</b>		
UK	20,339,516	23,485,509
Rest of the World	1,056,108	1,224,392
	<u>21,395,624</u>	<u>24,709,901</u>

**3. Operating profit**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	10,628	10,624
Depreciation and other amounts written off tangible assets	265,510	234,101
Loss on disposal of tangible fixed assets	48,811	-
Operating lease rentals - Land and buildings	871,892	643,068
Auditors' remuneration - audit work	22,000	8,000
- non audit work	21,168	6,878
Legal and professional fees		
- Merger acquisition expenses	<u>35,587</u>	<u>-</u>
and after crediting:		
Net foreign exchange gain	<u>1,370</u>	<u>(29)</u>

**4. Interest receivable and similar income**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank interest	<u>32</u>	<u>217</u>

**5. Interest payable and similar charges**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Loan interest	<u>68,831</u>	<u>61,893</u>



**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**6. Employees**

<b>Number of employees</b>	<b>2014</b>	<b>2013</b>
The average monthly numbers of employees of the group (including the directors) during the year were:		
Sales	143	184
Management	17	20
Administration	24	58
	<u>184</u>	<u>262</u>

<b>Employment costs</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,393,910	4,420,252
Social security costs	290,671	396,990
Pension costs	19,337	26,260
	<u>3,703,918</u>	<u>4,843,502</u>

<b>Directors' remuneration</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	125,000	10,000
Pension contributions	15,411	12,000
	<u>140,411</u>	<u>22,000</u>

	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

**7. Pension costs**

The group operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the group and amounted to £19,337. The outstanding liability for unpaid contributions at 30 September 2014 was £nil.

**Powerhouse Golf Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2014**

**8. Tax on profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	74,607	85,929
Adjustments in respect of previous periods	(20)	(21,453)
Total current tax charge	<u>74,587</u>	<u>64,476</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	350	24,710
Tax on profit on ordinary activities	<u>74,937</u>	<u>89,186</u>

**Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (22.00 per cent). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>181,813</u>	<u>541,429</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.00% (30 September 2013 : 23.50%)	39,999	127,236
<b>Effects of:</b>		
Expenses not deductible for tax purposes	10,066	(16,752)
Capital allowances for period in excess of depreciation	21,426	(24,555)
Utilisation of tax losses	3,291	-
Adjustments to tax charge in respect of previous periods	(20)	(21,453)
Marginal relief	(175)	-
Current tax charge for period	<u>74,587</u>	<u>64,476</u>

**9. Profits for the year attributable to the parent company**

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for Powerhouse Golf Limited (the company) has not been presented in these financial statements.

The parent company's own profit and loss account for the period ended 30 September 2014 showed a loss for the period of £5,000.

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**10. Intangible fixed assets**

<b>Group</b>	<b>Patents £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2013	349,474	4,180,002	4,529,476
At 30 September 2014	349,474	4,180,002	4,529,476
<b>Amortisation</b>			
At 1 October 2013	3,244	1,622,809	1,626,053
Charge for year	1,624	9,004	10,628
At 30 September 2014	4,868	1,631,813	1,636,681
<b>Net book values</b>			
At 30 September 2014	344,606	2,548,189	2,892,795
At 30 September 2013	346,230	2,557,192	2,903,422

**11. Tangible fixed assets**

<b>Group</b>	<b>Land and buildings freehold £</b>	<b>Plant and machinery £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 October 2013	1,117,022	334,821	2,405,943	87,951	3,945,737
Additions	-	28,664	474,414	38,332	541,410
Disposals	(1,117,022)	(46,392)	(1,035,868)	(44,252)	(2,243,534)
At 30 September 2014	-	317,093	1,844,489	82,031	2,243,613
<b>Depreciation</b>					
At 1 October 2013	69,722	126,950	1,229,076	75,510	1,501,258
On disposals	(98,211)	(46,392)	(592,511)	(37,407)	(774,521)
Charge for the year	28,489	24,531	208,474	4,016	265,510
At 30 September 2014	-	105,089	845,039	42,119	992,247
<b>Net book values</b>					
At 30 September 2014	-	212,004	999,450	39,912	1,251,366
At 30 September 2013	1,047,300	207,871	1,176,867	12,441	2,444,479

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**12. Fixed asset investments**

<b>Company</b>	<b>Subsidiary undertakings shares £</b>	<b>Total £</b>
<b>Cost</b>		
Additions	35,687	35,687
At 30 September 2014	<u>35,687</u>	<u>35,687</u>
<b>Net book values</b>		
At 30 September 2014	<u><u>35,687</u></u>	<u><u>35,687</u></u>

The company holds 20% or more of the share capital of the following companies:

<b>Company</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Shares held class</b>	<b>Proportion held</b>
<b>Subsidiary undertaking</b>				
Direct Golf UK Limited	England and Wales	Golf equipment retailer	Ordinary	100%
John Letters Golf Limited	England and Wales	Golf facility provider	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<b>Capital and reserves £</b>	<b>Profit/(loss) for the year £</b>
Direct Golf UK Limited	3,937,223	248,900
John Letters Golf Limited	5,604	(101,437)

**13. Stocks**

	<b>2014 £</b>	<b>2013 £</b>
Finished goods and goods for resale	<u><u>6,461,235</u></u>	<u><u>6,054,404</u></u>

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

<b>14. Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Trade debtors	1,411,571	383,497
Other debtors	60,852	134,655
Prepayments and accrued income	584,387	694,877
	<u>2,056,810</u>	<u>1,213,029</u>
<b>Company</b>		
Amounts owed by group undertakings	2,214,413	-
Prepayments and accrued income	4,808	-
	<u>2,219,221</u>	<u>-</u>

<b>15. Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Bank overdraft	1,677,775	1,906,749
Bank loan	200,000	200,000
Trade creditors	3,156,577	3,439,651
Corporation tax	163,338	9,132
Other taxes and social security costs	390,618	308,105
Directors' accounts	300,000	1,165,100
Accruals and deferred income	157,615	33,923
	<u>6,045,923</u>	<u>7,062,660</u>

The bank loan and overdraft are secured by a debenture over the company's assets.

<b>Company</b>		
Accruals and deferred income	9,808	-
	<u>9,808</u>	<u>-</u>

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

16. Creditors: amounts falling due after more than one year	2014 £	2013 £
<b>Group</b>		
Bank loan	1,500,000	1,700,000
Other loan	2,250,000	-
Directors' account	77,670	822,000
	<u>3,827,670</u>	<u>2,522,000</u>
<b>Loans</b>		
Repayable in one year or less, or on demand (Note 15)	200,000	200,000
Repayable between one and two years	200,000	200,000
Repayable between two and five years	3,550,000	1,500,000
	<u>3,950,000</u>	<u>1,900,000</u>

The bank loan and overdraft are secured by a debenture over the company's assets.

<b>Company</b>		
Other loan (repayable within five years)	2,250,000	-
	<u>2,250,000</u>	<u>-</u>

17. Provision for deferred taxation	2014 £	2013 £
<b>Group</b>		
Accelerated capital allowances	119,560	119,210
Provision for deferred tax	<u>119,560</u>	<u>119,210</u>
Provision at 1 October 2013	119,210	
Deferred tax charge in profit and loss account	350	
Provision at 30 September 2014	<u>119,560</u>	

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

18. Share capital	2014 £	2013 £
<b>Allotted, called up and fully paid equity shares</b>		
100 Ordinary shares of £1 each	100	1
	<u>100</u>	<u>1</u>

On 13 August 2014 99 ordinary shares of £1 were issued at par for cash in order to create the required capital structure.

19. Equity Reserves	Profit and loss account £	Capital reserve £	Total £
<b>Group</b>			
At 1 October 2013	3,195,362	600,002	3,795,364
Profit for the year	106,876		106,876
Other movements	-	(100)	(100)
At 30 September 2014	<u>3,302,238</u>	<u>599,902</u>	<u>3,902,140</u>
<b>Company</b>			
At 1 October 2013		-	-
Profit for the year		5,000	5,000
At 30 September 2014		<u>5,000</u>	<u>5,000</u>

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**20. Reconciliation of movements in shareholders' funds**

	<b>2014</b>	<b>2013</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit for the year	106,876	452,243
Net proceeds of equity share issue	99	1
Capital reserve movements re merger	(100)	600,002
Net addition to shareholders' funds	106,875	1,052,246
Opening shareholders' funds	3,795,365	2,743,119
Closing shareholders' funds	3,902,240	3,795,365

	<b>2014</b>	<b>2013</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Loss for the period	(5,000)	-
Net proceeds of equity share issue	99	1
Net addition to shareholders' funds	(4,901)	1
Opening shareholders' funds	1	-
Closing shareholders' funds	(4,900)	1

**21. Financial commitments**

At 30 September 2014 the group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within one year	160,000	245,665	-	2,028
Between one and five years	220,170	155,170	-	-
In over five years	383,825	370,535	-	-
	763,995	771,370	-	2,028



**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**22. Related party transactions**

Included in creditors are amounts totalling £377,670 due to the director J Andrew. Of this amount, £300,000 is repayable within one year.

During the year J Andrew purchased freehold properties from the group at their open market value of £970,000 subsequent to which he was paid rent totalling £160,908. These rent charges were at open market rates.

In August 2014 the company received loans of £2,250,000 from Sportsdirect.com Retail Limited, a company associated with a major shareholder in Powerhouse Golf Limited. Interest is payable on the loan at a rate of 3% and the loan is repayable within 5 years from the initial agreement.

**23. Controlling interest**

The company is controlled by J Andrew.

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**24. Gross cash flows**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	32	217
Interest paid	(68,831)	(61,893)
	<u>(68,799)</u>	<u>(61,676)</u>
<b>Taxation</b>		
Corporation tax paid	-	(156,770)
Corporation tax repaid	79,618	-
	<u>79,618</u>	<u>(156,770)</u>
<b>Capital expenditure</b>		
Payments to acquire intangible assets	-	(317,000)
Payments to acquire tangible assets	(541,410)	(342,626)
Payments to acquire investments	(100)	-
Receipts from sales of tangible assets	1,420,202	-
	<u>878,692</u>	<u>(659,626)</u>
<b>Financing</b>		
Issue of ordinary share capital	99	600,001
New long term bank loan	-	1,700,000
Other new long term loans	2,250,000	-
New short term bank loan	-	200,000
Repayment of other long term loans	(754,584)	(778,000)
Repayment of short term bank loan	(200,000)	-
	<u>1,295,515</u>	<u>1,722,001</u>

**Powerhouse Golf Limited**

**Notes to the financial statements  
for the year ended 30 September 2014**

**25. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	883,901	349,286		1,233,187
Overdrafts	(1,906,749)	228,974		(1,677,775)
	<u>(1,022,848)</u>	<u>578,260</u>		<u>(444,588)</u>
Debt due within one year	(200,000)	954,584	(954,584)	(200,000)
Debt due after one year	(2,522,000)	(2,250,000)	944,330	(3,827,670)
	<u>(2,722,000)</u>	<u>(1,295,416)</u>	<u>(10,254)</u>	<u>(4,027,670)</u>
<b>Net funds</b>	<u><u>(3,744,848)</u></u>	<u><u>(717,156)</u></u>	<u><u>(10,254)</u></u>	<u><u>(4,472,258)</u></u>