

The Insolvency (Northern Ireland) Order 1989

Administrator's progress report**2.24B**

Name of Company H. Ritchie & Sons (Electrical Wholesalers) Limited	Company number NI 013601
In the High Court of Justice Northern Ireland Chancery Division	Court Number 8506 of 2011

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

I (a) John J Cavanagh of Cavanagh Kelly Chartered Accountants and Licenced Insolvency Practitioners, 36-38 Northland Row, Dungannon, Tyrone, BT71 6AP

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

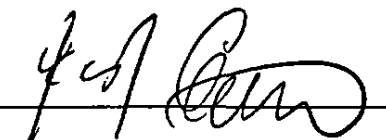
From

To

(b) Insert date

(a) 01st April 2012(b) 30th September 2012

Signed



Joint/Administrator(s)

Dated 26th October 2012**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 searches of the public record

Michael Reid
Cavanagh Kelly
36-38 Northland Row
Dungannon
Tyrone
BT71 6AP

Tel: 028 87 752990



When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, BELFAST, BT2 8BG

H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration
Administrators' progress report for the period to 30 September 2012

H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration

Case No. 8506 of 2011

High Court of Justice in Northern Ireland Chancery Division

Administrators' progress report for period to 30th September 2012

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1. Introduction

- 1.1** I, John J Cavanagh, of Cavanagh Kelly Chartered Accountants & Licensed Insolvency Practitioner, 36-38 Northland Row, Dungannon, Co. Tyrone BT71 6AP, was appointed Administrator of H. Ritchie & Sons (Electrical Wholesalers) Limited ("the Company") by the Company Directors on 30th September 2011.
- 1.2** I sent my proposals to all known creditors on 25th November 2011 and held a formal meeting of creditors on 8th December 2011 where the requisite majority of voting creditors accepted my proposals.
- 1.3** In accordance with Rule 2.048 of the Insolvency (Amendment) Rules (Northern Ireland) 2006 ("IR06"), I now provide creditors with details of the progress of the Administration of the Company for the six months ended 30th September 2012.
- 1.4** This report should be read in conjunction with my proposals dated 25th November 2011 and subsequent progress report for the period ending 30th March 2012.
- 1.5** The objective of this Administration is to achieve a better result for the creditors as a whole than would be likely if the Company was wound up (without first being in Administration) and I can confirm that this objective is still being pursued.
- 1.6** In accordance with my proposals the Administration has been extended for a 6 month period to 30th March 2013.
- 1.7** I now provide details of the progress of the Administration of the Company for the period ended 30th September 2012.

2. Actions of the Administrator since last report

2.1 Book Debts

As previously noted at the date of my appointment there was a debtor's ledger on the Company's books with a value of approximately £1.3m. £300k of these were deemed as bad debt on appointment as a result of insolvencies, contras, disputes & irrecoverable inter-company transactions.

Since the date of appointment my staff have been corresponding with all debtors in relation to balances owing. At 30th September 2012 I had collected £559k of the remaining book.

It is my understanding that an additional £23k has also been paid into the Company's old Ulster Bank account since the date of Administration. As previously advised, the Ulster Bank hold a fixed and floating charge over the Company. These realisations will be deducted from their debt.

My staff, along with our appointed solicitor, continue to recover the remaining debts where it is possible and commercial to do so and work is ongoing in this respect.

2.2 Ground Rents

It has been identified that the Company holds the freehold interest in a small estate close to its premises at Musgrave Park Industrial Estate. All the units have been disposed of by way of long leases. There are 10 units in total and all but 3 of them reserve ground rents ranging between £360 and £1,080 per annum. The total rental income is £3,960 per annum.

The Company had fallen behind with regard to invoicing and collecting amounts due. I have engaged McConnell Chartered Surveyors to attend to the collection of rents and all other outstanding matters in this case.

The total of outstanding rent and insurance premiums is in the region of £20k and my agent continues to engage with the tenants in an effort to reach agreement regarding the payment of outstanding balances.

To date £6,577 has been received from McConnell Chartered Surveyors in respect of same.

2.3 Stock

I have received a further payment of £7,730 + VAT in respect of stock sold to the connected party as discussed in my last progress report.

The total value of stock sold was £40k + VAT. The buyer continues to pay the remaining balance.

2.4 Property at Musgrave Park Industrial Estate, Belfast

Since my appointment I have engaged Ardmore Commercial Property Consultants to assist in the sale of the above property.

The property has been on the market for over 6 months and whilst no acceptable offer has been received to date, there has been a reasonable amount of interest from prospective purchasers.

Ardmore Commercials continue to market the property and I have been in regular correspondence with them in respect of same.

2.5 Other ongoing matters

I have also progressed the following matters since my previous update to creditors:

- Further interim dividend of £100,000 to the Fixed and Floating Chargeholder the Ulster Bank Limited. Total interim dividends to date amount to £400,000;
- Filing of Tax Returns;
- Filing of Director Disqualification Unit reports as discussed at section 5 below;
- Dealing with queries from employees and RPS, including submission of forms in relation to same.
- Dealing with all issues and queries raised by creditors and creditor correspondence;and
- Extension of Administration to 30th March 2013.

3. Receipts and Payments Account

An account of the receipts and payments for the period to 30 September 2012 is set out in Appendix 2 of this report. Some of the figures are discussed in my progress summary above. In addition to this I would make the following comments:

Receipts

- Total book debts collected in the period amount to £41,060.
- Bank interest received amounted to £92.

Payments

- I continue to incur Heat & Light and Security costs in respect of the premises discussed above. During the period I paid £2,116 and £3,426 in respect of same.
- I incurred professional fees of £5,546 in respect of the collection of debt.

Value Added Tax

- The Company is registered for VAT and I continue to account to HMRC in respect of same. All receipts and payments included in appendix 2 are shown net of VAT.

4. Estimated outcome for creditors

4.1 Secured creditors

At the date of appointment the secured creditor, the Ulster Bank, was owed £501k. This debt is secured by way of a fixed and floating charge over the Company's assets. As noted below at para. 4.3 the debenture predates March 2006 and accordingly there will be no Prescribed Part in this case.

To date I have distributed £400k to the Ulster Bank. It is expected that the secured debt will be paid in full from future realisations.

4.2 Preferential creditors

Since 30th September 2012 I have received a final preferential claim from the Redundancy Payments Service for outstanding holiday pay.

The claim amounts to £8,640.16 and has been paid in recent days.

4.3 Unsecured creditors

As noted in my proposals the prescribed part will not apply in this case as the Company granted a floating charge to Ulster Bank Limited on 19th January 1990.

As per my previous update I expect there to be a dividend to unsecured creditors. However I am unable to provide a reliable estimate of the timing and quantum due to the significant uncertainties regarding both future net realisations and the ultimate quantum of creditor claims.

5. Investigation into conduct of Directors

- 5.1** I am obliged to submit reports to the Department of Enterprise, Trade and Investment (DETI) in respect of any person who acted as director of the Company during the three years prior to the date of the Administration.
- 5.2** I have completed my review and have submitted my report to the DETI. My report is confidential. If further action is to be taken in relation to the Directors' conduct, this will be determined by the DETI Directors' Disqualification Unit.
- 5.3** Notwithstanding this, if any creditor has information which they believe may be of interest to me, I would appreciate if they would provide me with full details at the earliest possible opportunity.

6. Administrator's Remuneration

The Administrator's remuneration has been approved by creditors on a time and cost basis. The sum of £92,587.08 plus VAT has been drawn down to date. I attach, at Appendix 3, an analysis of the time taken by myself and my staff in this matter.

7. Next report

I will report on progress again in approximately six months or at the conclusion of the Administration, whichever is the sooner.

Should you have any queries on the contents of this report please contact Michael Reid on (028) 8772 1194.



John J Cavanagh
Administrator of
H. Ritchie & Sons (Electrical Wholesalers) Limited

26 October 2012

The affairs, business and property of H. Ritchie & Sons (Electrical Wholesalers) Limited are being managed by John J Cavanagh of Cavanagh Kelly, 36-38 Northland Row, Dungannon, Co Tyrone, BT71 6AP. John J Cavanagh is a licensed Insolvency Practitioner authorised by Chartered Accountants Ireland, and acts as Agent of H. Ritchie & Sons (Electrical Wholesalers) Limited without personal liability.

H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration
Administrators' progress report for the period to 30 September 2012

APPENDIX 1

STATUTORY AND OTHER INFORMATION

Court details for the Administration:	High Court of Justice, Chancery Division No 8506 of 2011.
Full Name:	H. Ritchie & Sons (Electrical Wholesalers) Limited
Registered Number:	NI 013601
Activity:	Electrical Wholesale
Directors:	Mr. Henry Ritchie Mrs. Philomena Ritchie Mr. Michael Ritchie
Secretary:	Mrs. Philomena Ritchie
Date of Administration:	30 th September 2011
Proposed end of the Administration:	30 th March 2013 or sooner if possible
Administrator:	John J Cavanagh (GB NI 005) Cavanagh Kelly, 36-38 Northland Row, Dungannon, Co. Tyrone, BT71 6AP
Appointer:	Directors
Objective pursued by the Administrator:	To achieve a better result for the creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
The European Regulation on Insolvency Proceedings:	The EC Regulation on Insolvency Proceedings will apply to this Administration, and these proceedings will be the main proceedings because the Company's centre of main interest is in the UK.
Whether the Administrator intends to apply to Court under Article 150A(5):	Not applicable

H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration
Administrators' progress report for the period to 30 September 2012

APPENDIX 2

RECEIPTS & PAYMENTS ACCOUNT TO 30 SEPTEMBER 2012

	Period from 01/10/11 to 30/03/12 £	Period from 01/04/12 to 30/09/12 £	Period from 01/10/11 to 30/09/12 £
RECEIPTS			
Trading			
Sales	15,480.81	-	15,480.81
Non-Trading			
Bank Interest	115.51	92.15	207.66
Book Debts	518,088.05	41,060.09	559,148.14
Ground Rents	-	6,577.68	6,577.68
Fixtures & Fittings	26,925.00	-	26,925.00
Motor Vehicle	6,050.00	-	6,050.00
Plant & Machinery	6,700.00	-	6,700.00
Sale of Enniskillen Branch	30,000.00	-	30,000.00
Stock	23,666.66	7,730.00	31,396.66
Vat Repayment	10,379.98	(2,088.49)	8,291.49
Vat Payable	14,654.49	3,146.00	17,800.49
	<u>652,060.50</u>	<u>56,517.43</u>	<u>708,577.93</u>
PAYMENTS			
Trading			
Purchases	4,227.46	-	4,227.46
Wages & Salaries	20,977.04	-	20,977.04
Non-Trading			
Advertising	359.91	-	359.91
Auctioneer Fees	1,932.70	-	1,932.70
Bank Charges	676.28	103.04	779.32
Corporation Tax paid	-	268.80	268.80
Debt Collection Commission	3,689.52	-	3,689.52
Heat & Light	2,368.45	2,115.90	4,484.35
Insurance of Assets	1,162.50	-	1,162.50
Legal Fees	7,531.75	-	7,531.75
Office Holders Expenses	357.51	3,076.75	3,434.26
Office Holders Fees	69,489.43	23,097.65	92,587.08
Professional Fees	7,009.00	5,546.00	12,555.00
Repairs & Maintenance	3,216.97	-	3,216.97
Secured Creditors	300,000.00	100,000.00	400,000.00
Security Costs	15,573.00	3,426.00	18,999.00
Sundry Expenses	1,094.41	-	1,094.41
Telephone	182.05	-	182.05
Vat Receivable	22,465.53	6,388.74	28,854.27
	<u>462,313.51</u>	<u>144,022.88</u>	<u>606,336.39</u>
CASH AT BANK	<u>189,746.99</u>	<u>(87,505.45)</u>	<u>102,241.54</u>

H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration
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APPENDIX 3

ANALYSIS OF ADMINISTRATOR'S TIME COSTS

Classification Of Work	HOURS					Time Cost	Average Hourly Rate £
	Partner/Director	Managers	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	16.58	7.93	49.54	313.30	387.35	23,012.79	59.41
Investigations	11.30		25.75	24.42	61.47	5,513.77	89.70
Realisation of Assets	23.43	0.50	121.83	191.20	336.96	23,856.90	70.80
Trading	1.33	3.00	48.92	21.49	74.74	4,518.75	60.46
Creditors	2.92		128.45	145.84	277.21	24,248.21	87.47
Dividend Review							
Meetings	54.67		7.00		61.67	11,136.66	180.58
Special Investigations					0.00		
Specific Costs	1.50				1.50	300.00	200.00
Total Hours	111.73	11.43	381.49	696.25	1,200.90		
Total Fees Claimed £	21,681.59	1,341.00	28,192.64	41,371.85		92,587.08	
Average Rate	125.00 - 250.00	100.00 - 125.00	65.00 - 100.00	45.00 - 65.00			

Category 1 Disbursements

	Amount £
Advertising	76.62
Mileage	1,743.20
Debt Collection Assistance	658.30
Other	609.14
Co Search	37.00
Swearing Fees	10.00
Synergy	300.00
	<u>3,434.26</u>

Standard Activity	Examples of Work
Administration & Planning	Case Planning Administration Set up Appointment Notification Maintenance of Records Statutory Reporting Cashiering
Investigations	SIP 2 review Directors Disqualification Unit Reports Investigating Transactions
Realisation of Assets	Identifying, securing, insuring goods ROT Debt Collection Property / Business Asset sales
Trading	Management of operations Accounting for trading Ongoing employee issues
Creditors	Communication with Creditors Creditor's claims including employees