

## 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) 01<sup>st</sup> October 2012(b) 30<sup>th</sup> March 2013

Signed



Joint/Administrator(s)

Dated

28<sup>th</sup> April 2013

## 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

Kirsty McCullough  
Cavanagh Kelly  
36-38 Northland Row  
Dungannon  
Tyrone  
BT71 6AP

Tel: 028 87 752990

30 APR 2013

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**

**Case No. 8506 of 2011**

**High Court of Justice in Northern Ireland Chancery Division**

**Administrator's progress report for period to 30 March 2013**

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**H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration**  
Administrator's progress report for the period to 30 March 2013

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**1. Introduction**

- 1.1** I, John J Cavanagh, of Cavanagh Kelly Chartered Accountants & Licensed Insolvency Practitioners, 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 30<sup>th</sup> September 2011.
- 1.2** I sent my proposals to all known creditors on 25<sup>th</sup> November 2011 and held a formal meeting of creditors on 8<sup>th</sup> 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 the creditors with details of the progress of the Administration of the Company for the period ended 30<sup>th</sup> March 2013.
- 1.4** I write further to my proposals dated 25<sup>th</sup> November 2011 and subsequent reports for the periods ending 30<sup>th</sup> March 2012 and 30<sup>th</sup> September 2012. This report should be read in conjunction with the above.
- 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 I applied to the Court to extend the Administration for a period of 12 months from 30<sup>th</sup> March 2013. This application was granted by the Court and the Administration was extended for a further 12 months.
- 1.7** I now provide details of the progress of the Administration of the Company for the period ended 30<sup>th</sup> March 2013.

## **2. Actions of the Administrator since last report**

### **2.1 Book Debts**

As previously outlined 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 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 30<sup>th</sup> March 2013 I had collected £580k of the remaining book.

As previously advised, 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 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**

As outlined in my previous report 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.

To date £11,950.55 has been received from McConnell Chartered Surveyors in respect of same.

The total of outstanding rent and insurance premiums is now in the region of £8k and my agent continues to engage with the tenants in an effort to reach agreement regarding the payment of outstanding balances.

### **2.3 Stock**

Since my last progress report I have received a further payment of £2,000 + VAT in respect of stock sold.

The total value of stock sold was £40k + VAT. There remains a balance owing of £12,500. I have sent a letter of demand in respect of the remaining balance and have requested a payment plan in respect of same.

Should this not be forthcoming I will forward the matter to my solicitor for further action.

#### **2.4 Property at Musgrave Park Industrial Estate, Belfast**

As previously reported 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 12 months. The agent has recently recommended an offer for acceptance by myself as Administrator. I am presently evaluating the terms of this offer and will update creditors in due course if contracts are exchanged.

#### **2.5 Other ongoing matters**

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

- Filing of Tax Returns;
- Dealing with all issues and queries raised by creditors and creditor correspondence;
- Collection of outstanding debtors;
- Completion of all statutory requirements of the Administration.

### **3. Receipts and Payments Account**

An account of the receipts and payments for the period to 30<sup>th</sup> March 2013 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 £21,270.
- Total ground rents collected in the period amount to £5,372.

#### ***Payments***

- I incurred storage costs of £6,440 in relation to books and records held.
- A payment of £8,640 has been made to the Department of Employment and Learning in respect of preferential claims. This claim relates to arrears of pay and holiday pay to employees.
- A payment of £9,525 has been made in relation to the insurance of the Company assets.

#### ***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**

As previously advised 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 previously 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 and as reported above approximately £27k of book debts have been paid directly to Ulster Bank. The total balance outstanding to the Ulster Bank is c. £98k. It is expected that the secured debt will be paid in full from future realisations.

**4.2 Preferential creditors**

As previously advised I have received a final preferential claim from the Redundancy Payments Service for outstanding holiday pay.

The claim of £8,640.16 has now been paid.

**4.3 Unsecured creditors**

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

As advised 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.

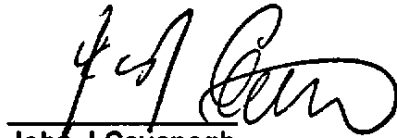
**6. Administrator's Remuneration**

The Administrator's remuneration has been approved by creditors on a time and cost basis. The sum of £105,346.60 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 Drumm on (028) 9091 8237.



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

**28 April 2013**

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**  
Administrator's progress report for the period to 30 March 2013

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**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 <sup>th</sup> September 2011
Proposed end of the Administration:	30 <sup>th</sup> March 2014 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**  
**Administrator's progress report for the period to 30 March 2013**

**APPENDIX 2**

**RECEIPTS & PAYMENTS ACCOUNT TO 30 MARCH 2013**

	From 01/10/11 to 30/09/12 £	From 01/10/12 to 30/03/2013 £	From 01/10/11 to 30/03/2013 £
<b>RECEIPTS</b>			
<b>Trading</b>			
Sales	15,480.81	-	15,480.81
<b>Non-Trading</b>			
Bank Interest	207.66	23.95	231.61
Book Debts	559,148.14	21,270.59	580,418.73
Ground Rents	6,577.68	5,372.87	11,950.55
Fixtures & Fittings	26,925.00	-	26,925.00
Motor Vehicles	6,050.00	-	6,050.00
Plant & Machinery	6,700.00	-	6,700.00
Rates Refund	-	356.98	356.98
Sale of Enniskillen Branch	30,000.00	-	30,000.00
Stock	31,396.66	2,000.00	33,396.66
Vat Repayment	8,291.49	3,528.14	11,819.63
Vat Payable	17,800.49	29.40	17,829.89
	<u>708,577.93</u>	<u>32,581.93</u>	<u>741,159.86</u>
<b>PAYMENTS</b>			
<b>Trading</b>			
Purchases	4,227.46	-	4,227.46
Wages & Salaries	20,977.04	10,041.79	31,018.83
<b>Non-Trading</b>			
Advertising	359.91	240.00	599.91
Auctioneer Fees	1,932.70	-	1,932.70
Bank Charges	779.32	78.62	857.94
Corporation Tax Paid	268.80	30.30	299.10
Debt Collection Commission	3,689.52	153.42	3,842.94
Heat & Light	4,484.35	24.72	4,509.07
Insurance of Assets	1,162.50	9,525.94	10,688.44
Legal Fees	7,531.75	1,266.10	8,797.85
Office Holder Expenses	3,434.26	81.80	3,516.06
Office Holder Fees	92,587.08	12,759.52	105,346.60
Preferential Creditors	-	8,640.16	8,640.16
Professional Fees	12,555.00	350.00	12,905.00
Repairs and Maintenance	3,216.97	3,450.00	6,666.97
Secured Creditors	400,000.00	-	400,000.00
Security Costs	18,999.00	591.75	19,590.75
Storage Costs	-	6,440.00	6,440.00
Sundry Expenses	1,094.41	100.00	1,194.41
Telephone	182.05	148.19	330.24
Vat Receivable	28,854.27	5,394.50	34,248.77
	<u>606,336.39</u>	<u>59,316.81</u>	<u>665,653.20</u>
<b>CASH IN HAND</b>	<u>102,241.54</u>	<u>(26,734.88)</u>	<u>75,506.66</u>

**APPENDIX 3**

**ANALYSIS OF ADMINISTRATOR'S TIME COSTS**

**H. Ritchie & Sons (EW) Limited - In Administration**

**Summary of Time Spent for the Period**

**Date of Appt to 30 March 2013**

Classification Of Work	HOURS					Time Cost	Average Hourly Rate £
	Partner/Director	Managers	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	17.99	7.93	52.41	370.01	448.34	26,219.54	
Investigations	12.30		28.00	29.09	69.39	6,131.69	
Realisation of Assets	25.27	0.50	142.75	279.95	448.47	30,111.10	
Trading	2.33	3.00	48.92	21.49	75.74	4,768.75	
Creditors	8.92		135.45	153.18	297.55	26,678.86	
Dividend Review				1.50	1.50		
Meetings	54.67		7.00		61.67	11,136.66	
Special Investigations							
Specific Costs	1.50				1.50	300.00	
<b>Total Hours</b>	<b>122.98</b>	<b>11.43</b>	<b>414.53</b>	<b>855.22</b>	<b>1,404.16</b>		
<b>Total Fees Claimed £</b>	<b>24,318.66</b>	<b>1,341.00</b>	<b>30,832.15</b>	<b>48,854.79</b>		<b>105,346.60</b>	
<b>Average Rate</b>	<b>125.00 - 250.00</b>	<b>100.00 - 125.00</b>	<b>65.00 - 100.00</b>	<b>45.00 - 65.00</b>			

**Category 1 Disbursements**

	Amount £
Advertising	73.38
Mileage	1,844.00
Insolv	
Debt Collection Assistance	658.30
Royal Mail	110.00
Other	616.14
Bond Fee	
Co Search	51.00
Swearing Fees	10.00
Synergy	300.00
	<b>3,516.06</b>

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