

## The Insolvency (Northern Ireland) Order 1989

**Administrator's progress report****2.24B**

|   |                              |
|---|------------------------------|
| Name of Company<br>H. Ritchie & Sons (Electrical Wholesalers) Limited | Company number<br>NI 013601  |
| In the High Court of Justice Northern Ireland Chancery Division       | Court Number<br>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, Co. Tyrone, BT71 6AP

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

(b) Insert date

|  |                                      |
|--|--------------------------------------|
| From<br>(a) 1 <sup>st</sup> October 2013 | To<br>(b) 5 <sup>th</sup> March 2014 |
|--|--------------------------------------|

Signed

  
 Joint Administrator(s)

Dated

**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 Drumm  
Cavanagh Kelly  
36-38 Northland Row  
Dungannon  
Tyrone  
BT71 6AP

Tel: 028 8775 2990



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



IN THE HIGH COURT OF JUSTICE IN NORTHERN IRELAND  
CHANCERY DIVISION (COMPANIES)

BEFORE MASTER KELLY

on THURSDAY THE 20TH DAY OF MARCH 2014

IN THE MATTER OF H. RITCHIE & SONS (ELECTRICAL WHOLESALERS)

LIMITED (IN ADMINISTRATION)

AND IN THE MATTER OF AN APPLICATION BY THE ADMINISTRATOR OF H.

RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED (IN

ADMINISTRATION)

AND IN THE MATTER OF THE INSOLVENCY (NORTHERN IRELAND) ORDER

1989

APPLICANT

UPON THE APPLICATION of the Solicitor for the Applicant filed 12<sup>th</sup> March 2014,  
AND UPON READING the documents recorded on the Court file as having been read,  
AND UPON HEARING the Solicitor for the Applicant,  
IT IS ORDERED that:

1. The period of Administration is hereby extended until 30<sup>th</sup> March 2015 pursuant to paragraph 77(2)(a) of Schedule B1 of the Insolvency (Northern Ireland) Order 1989;
2. The requirement for the Joint Administrators report to creditors for the six month period 30<sup>th</sup> September 2013 to 30<sup>th</sup> March 2014 is hereby dispensed with.
3. the costs of and incidental to this application are treated as an expense of the administration of the Company.

Gavin Millar  
Proper Officer

Filed Date 20 March 2014

**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 the period to 5 March 2014**

**Administrator:**

John J Cavanagh  
Cavanagh Kelly Chartered Accountants  
36-38 Northland Row  
Dungannon  
Co Tyrone  
BT71 6AP



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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 September 2011.
- 1.2** Pursuant to paragraph 52 schedule B1 of the Insolvency (Northern Ireland) Order 1989 ("the Order"), the Administrator's proposals for achieving the purpose of the Administration were sent to all creditors on 25 November 2011 and I held a formal meeting of creditors on 8 December 2011 where the requisite majority of voting creditors accepted my proposals.
- 1.3** I write further to my proposals dated 25 November 2011 and subsequent progress reports for the periods ending 30 March 2012, 30 September 2012, 30 March 2013 and 30 September 2013. This report should be read in conjunction with the above.
- 1.4** The purpose of an Administration is to achieve one or all of the following objectives:
- i. to rescue the Company as a going concern; or
  - ii. 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); or
  - iii. to realise the Company's property in order to make a distribution to one or more secured or preferential creditors.
- 1.5** In this case, the objective of the Administration was 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) and I can confirm that this objective is still being pursued.
- 1.6** I now provide the Court with details of the progress of the Administration of the Company for the period ended 5 March 2014 with the view to seeking court approval to extend the Administration for a further 12 months from 30 March 2014.

## **2. DETAILS OF THE PROGRESS OF THE ADMINISTRATION**

### **2.1 Book Debts**

As detailed in my previous progress report, 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. To date I have collected £611,476.90 of the remaining book debt with c. £13,141.66 collected in this period.

As previously outlined, 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 Rent**

It was 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 now in the region of £9k and my agent continues to engage with the tenants in an effort to reach agreement regarding the payment of outstanding balances.

To date £14,903.26 has been received from McConnell Chartered Surveyors in respect of same.

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

As previously outlined I have engaged Ardmore Commercial Property Consultants to assist in the sale of the above property.

The property has recently been agreed for sale and I am awaiting legal completion of same.

I have been in regular correspondence with Ardmore Commercial in respect of same.

## **2.4 Other ongoing matters**

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

- Updating the Secured Lender;
- Dealing with all issues and queries raised by creditors and creditor correspondence;
- Completion of all statutory requirements of the Administration.

## **3. RECEIPTS AND PAYMENTS ACCOUNT**

An account of the receipts and payments for the period to 5 March 2014 is set out in Appendix 2 of this report.

## **4. ESTIMATED OUTCOME FOR CREDITORS**

### **4.1 Prescribed Part**

Under provisions of Section 150A of the Insolvency (Northern Ireland) Order 1989 where a Company has granted a floating charge to a creditor after 27 March 2006 in Northern Ireland, unsecured creditors may be entitled to a dividend in respect of what is known as the 'prescribed part'.

The Company granted a fixed and floating charge to Ulster Bank Limited on 19 January 1990. As no floating charge has been granted by the Company to any creditor after 27 March 2006, the prescribed part will not apply in this case.

### **4.2 Secured creditors**

At the date of appointment the secured creditor, the Ulster Bank, was owed £501k. This debt is secured by way of fixed and floating charge over the Company's assets.

Since the date of my appointment I have distributed £400k to the Ulster Bank and as reported above approximately £23k of book debts have been paid directly to Ulster Bank.

The total balance outstanding to the Ulster Bank is c. £98k plus interest. It is expected that the secured debt will be paid in full from future realisations.

### **4.3 Preferential creditors**

As detailed in my previous report I have received a final preferential claim from the Redundancy Payments Service for outstanding holiday pay and arrears of pay.

The preferential claim of £8,640.16 has been paid in full.

### **4.4 Unsecured creditors**

As noted above, the prescribed part will not apply in this case as the Company granted a fixed and floating charge to Ulster Bank Limited on 19 January 1990.

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

**5. INVESTIGATIONS**

- 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 Administration.
- 5.2 I have completed my review and submitted my report to the DETI.

**6. ADMINISTRATOR'S FEES, LEGAL FEES AND AGENT FEES**

- 6.1 A creditors' guide to fees charged by the Administrator can be downloaded by creditors from [www.r3.org.uk](http://www.r3.org.uk). Any creditor requiring a hard copy should contact my office.
- 6.2 The Administrator's remuneration has been approved by the secured creditor on a time and cost basis. The sum of £122,994.78 plus VAT has been drawn down to date.
- 6.3 To date I have also drawn outlays totaling £3,673.26.
- 6.4 I currently have unbilled time costs of £400.83 and outlays of £100.
- 6.5 In accordance with Statement of Insolvency Practice 9 ("SIP 9") I attach, at Appendix 3, an analysis of the time spent by myself and my staff in this matter.

**7. FUTURE STRATEGY**

**7.1 Outstanding matters**

It is proposed that the Administrator will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the Administration. This will include the following: finalization of the sale of the property; - payment of any dividend to creditors; - payment of residual costs of the Administration, including the Administrator's remuneration; - finalising the Company's tax affairs; and - ongoing statutory reporting and compliance obligations.

**7.2 Exit from Administration**

I am also considering the most appropriate strategy for bringing the Administration to an end. As there is expected to be a dividend to unsecured creditors, it is likely that when all matters discussed above are finalised then I will consider moving from administration to creditors voluntary liquidation by issuing a notice to the Registrar under paragraph 84 of Schedule B1 of the Order.



**H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration**  
Administrator's progress report for the period to 5 March 2014

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**7.3 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 or Kirsty McCullough on (028) 8775 2990.



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

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 5 March 2014

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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<br>Mrs. Philomena Ritchie<br>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)<br>Cavanagh   Kelly, 36-38 Northland Row,<br>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 5 March 2014**

**APPENDIX 2**

**ABSTRACT OF RECEIPTS & PAYMENTS TO 5 MARCH 2014**

|                            | Period from<br>01/10/11 to<br>30/09/13<br>£ | Period from<br>01/10/13 to<br>05/03/14<br>£ | Period from<br>01/10/11 to<br>05/04/14<br>£ |
|----------------------------|---|---|---|
| <b>RECEIPTS</b>            |   |   |   |
| <b>Trading</b>             |   |   |   |
| Sales                      | 15,480.81                                   | -   | 15,480.81                                   |
| <b>Non-Trading</b>         |   |   |   |
| Bank Interest              | 289.32                                      | 20.03                                       | 309.35                                      |
| Book Debts                 | 598,336.24                                  | 13,140.66                                   | 611,476.90                                  |
| Ground Rents               | 11,950.55                                   | 2,952.71                                    | 14,903.26                                   |
| Fixtures & Fittings        | 26,925.00                                   | -   | 26,925.00                                   |
| Motor Vehicle              | 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                      | 33,396.66                                   | -   | 33,396.66                                   |
| Vat Repayment              | 11,819.63                                   | 3,774.55                                    | 15,594.18                                   |
| Vat Payable                | 17,829.89                                   | -   | 17,829.89                                   |
|                            | <u>759,135.08</u>                           | <u>19,887.95</u>                            | <u>779,023.03</u>                           |

**PAYMENTS**

|                            |                   |                   |                   |
|----------------------------|-------------------|-------------------|-------------------|
| <b>Trading</b>             |                   |                   |                   |
| Purchases                  | 4,227.46          | -                 | 4,227.46          |
| Wages & Salaries           | 31,018.83         | -                 | 31,018.83         |
| <b>Non-Trading</b>         |                   |                   |                   |
| Advertising                | 599.91            | -                 | 599.91            |
| Auctioneer Fees            | 1,932.70          | -                 | 1,932.70          |
| Bank Charges               | 890.41            | 26.10             | 916.51            |
| Corporation Tax paid       | 299.10            | 800.00            | 1,099.10          |
| Debt Collection Commission | 3,842.94          | -                 | 3,842.94          |
| Heat & Light               | 4,513.19          | 32.76             | 4,545.95          |
| Insurance of Assets        | 10,688.44         | 6,784.00          | 17,472.44         |
| Legal Fees                 | 8,797.85          | -                 | 8,797.85          |
| Office Holders Expenses    | 3,671.26          | 2.00              | 3,673.26          |
| Office Holders Fees        | 113,582.76        | 9,412.02          | 122,994.78        |
| Preferential Creditors     | 8,640.16          | -                 | 8,640.16          |
| Professional Fees          | 16,267.71         | 1,369.00          | 17,636.71         |
| Property Expenses          | -                 | 218.23            | 218.23            |
| Rates                      | 671.82            | -                 | 671.82            |
| Repairs & Maintenance      | 6,666.97          | -                 | 6,666.97          |
| Secured Creditors          | 400,000.00        | -                 | 400,000.00        |
| Security Costs             | 19,590.75         | 555.00            | 20,145.75         |
| Storage Costs              | 6,440.00          | -                 | 6,440.00          |
| Sundry Expenses            | 1,194.41          | -                 | 1,194.41          |
| Telephone                  | 393.49            | -                 | 393.49            |
| Vat Receivable             | 36,460.14         | 2,214.45          | 38,674.59         |
|                            | <u>680,390.30</u> | <u>21,413.56</u>  | <u>701,803.86</u> |
| <b>CASH AT BANK</b>        | <u>78,744.78</u>  | <u>- 1,525.61</u> | <u>77,219.17</u>  |

**H. Ritchie & Sons (Electrical Wholesalers) Limited – In Administration**  
**Administrator's progress report for the period to 5 March 2014**

**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 | 21.41            | 7.93            | 61.28                      | 437.05                     | 527.67      | 31,588.94  | 59.86                 |
| Investigations            | 12.30            | 0.33            | 32.00                      | 29.09                      | 73.72       | 6,533.36   | 88.62                 |
| Realisation of Assets     | 28.61            | 0.50            | 184.16                     | 377.05                     | 590.32      | 39,581.91  | 67.05                 |
| Trading                   | 2.33             | 3.00            | 48.92                      | 22.99                      | 77.24       | 4,843.75   | 62.71                 |
| Creditors                 | 11.09            |                 | 152.20                     | 167.28                     | 330.57      | 29,320.99  | 88.70                 |
| Dividend Review           |                  |                 |                            |                            | 0.00        |            |                       |
| Meetings                  | 54.67            |                 | 8.00                       |                            | 62.67       | 11,226.68  | 179.14                |
| Special Investigations    |                  |                 |                            |                            | 0.00        |            |                       |
| Specific Costs            | 1.50             |                 |                            |                            | 1.50        | 300.00     | 200.00                |
| Total Hours               | 131.91           | 11.76           | 486.56                     | 1,033.46                   | 1,663.69    |            |                       |
| Total Fees Claimed £      | 26,618.86        | 1,382.67        | 37,282.90                  | 58,111.38                  |             | 123,395.61 |                       |
| 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                    | 1,847.20        |
| Debt Collection Assistance | 658.30          |
| Royal Mail                 | 110.00          |
| Other                      | 716.14          |
| Co Search                  | 55.00           |
| Swearing Fees              | 10.00           |
| Synergy                    | 300.00          |
|                            | <u>3,773.26</u> |