

The Insolvency (Northern Ireland) Order 1989

Administrator's progress report**2.24B**

Name of Company Derry News Limited	Company Number NI039028
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In the High Court of Justice in Northern Ireland Chancery Division (Company Insolvency)	Court case number 8389 of 2011
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(full name of court)

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

We (a) Stephen Cave and Paul Rooney of PricewaterhouseCoopers LLP, Waterfront Plaza, 8 Laganbank Road, Belfast BT1 3LR

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

from

to

(b) Insert dates

(b) 2 September 2011

(b) 2 March 2012

Signed:


 Joint Administrator

Dated 30 March 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 searchers of the public record

Helen Donnelly

PricewaterhouseCoopers LLP

Tel 028 9041 5920

DX Number

DX Exchange

Companies House receipt date barcode

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

Companies Registry, Waterfront Plaza, Belfast

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COMPANIES HOUSE



Derry News Limited
Case No. 8389 of 2011
High Court of Justice in Northern Ireland, Chancery Division

River Newspapers Derry Limited
Case No. 8388 of 2011
High Court of Justice in Northern Ireland, Chancery Division

– **both in Administration (together “the Companies”)**

Joint Administrators’ progress report for the six months ended
2 March 2012

30 March 2012

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Abbreviations used in this report

"IO89"	The Insolvency (Northern Ireland) Order 1989
"IR91"	The Insolvency Rules (Northern Ireland) 1991
"Sch.B1"	Schedule B1 to the Insolvency (Northern Ireland) Order 1989

1. Joint Administrators' progress report for the six months ended 2 March 2012

Introduction

In accordance with Rule 2.048 of the Insolvency Rules (Northern Ireland) 1991, the Joint Administrators ("the Administrators") are writing to provide creditors with details of the progress of the Administration of the Company for the six months ended 2 March 2012.

Background information and initial actions taken by the Administrators

Details as to the events leading up to my appointment were outlined in my Proposals dated 26 October 2011.

In summary, the Companies were set up in September 2007 as wholly owned subsidiaries of River Newspapers NI Limited ("RNNI"). RNNI, together with its subsidiaries Derry News Limited, River Newspapers Derry Limited and OLOK Limited constitute "the NI Group". There are also companies registered in the Republic of Ireland which constitute "the ROI Group" and do not form part of this report, but are however part of a wider group restructuring.

The principal activity of the Companies was the publication of newspapers under the titles of the Derry News and Derry Post and other media and advertising related services.

The Companies became insolvent following a deterioration of both circularisation and advertising revenues, resulting in an inability to service it loans held within the parent company and securitised by way of fixed and floating charges over its subsidiaries.

Due to financial difficulties facing the Companies, Stephen Cave and Paul Rooney were appointed as Joint Administrators of the Companies on 2 September 2011 by AIB Group (UK) Limited ("the Bank").

Administrators' actions since the Proposals

Details of asset sales

Immediately on appointment the Joint Administrators completed a going concern sale of the business and assets of the Companies to River Media Newspapers Limited, a company that shared some common directors and shareholders with the Companies, for a consideration of £728,546. The sale was conducted through a pre-pack transaction in order to preserve the business and goodwill attributed to the trading titles.

Trade debtors were sold on a £ for £ estimated to realise value after review of the Companies records. A total of £116,054 was realised in relation to the trade of debtors.

The sales information, computer software and licences were sold for a nominal value based on the nature of the asset and following a review by the Administrators for a consideration of £400.

All employees of the Company were transferred to the purchaser under The Transfer of Undertakings (Protection of Employment) Regulations.

Adoption of the Administrators' proposals

On 26 October 2011, the Administrators circulated to creditors their proposals for achieving the purpose of administration. The Administrators' proposals were deemed approved in accordance with Rule 2.034(5) IRO6, a meeting of creditors not having been requisitioned by creditors in the prescribed manner.

Receipts and payments account

An account of the receipts and payments for each of the individual Companies for the period 2 September 2011 to 2 March 2012 is set out in section 3 of this report.

1. Joint Administrators' progress report for the six months ended 2 March 2012

Dividend Prospects

Secured Creditor

At the time of the Administrators' appointment, the Bank held fixed and floating charges over the individual companies and also cross company guarantees across both Groups. The secured lender is owed in the region of £10.5m and will suffer a significant shortfall following the restructuring.

The Bank will receive distributions from each of the Companies in respect of their security, representing the majority of the purchase consideration.

To date the Bank has received a total distribution of £500,000, with £150,000 being distributed from River Newspapers Derry Limited and £350,000 being distributed from Derry News Limited. It is anticipated that further distributions will be made in the coming months.

Preferential Creditors

Preferential creditors are those amounts due to employees for arrears of wages and holiday pay and are subject to certain statutory limits. These creditors are paid from assets realised which are not subject to a fixed charge. As part of the sale agreement, all employees and associated liabilities transferred to the new purchaser under the Transfer of Undertakings (Protection of Employment) Regulations. In these circumstances we do not anticipate there will be any claims from former employees and therefore no preferential creditors.

Unsecured Creditors

Prescribed Part

The Prescribed Part (Article 150A IO05 and the Insolvency (Northern Ireland) Order 1989 (Prescribed Part) Order (Northern Ireland) 2006) applies where there are floating charge realisations, net of costs, to be set aside for unsecured creditors. For each company, this equates to:

- 50% of net property up to £10,000;
- 20% of net property in excess of £10,000; and
- Subject to a maximum amount of £600,000.

I consider that the Prescribed Part applies to the Companies as there are floating charges created and registered at Companies House which post date the relevant date of 27 March 2006. Although all assets have been sold, the level of expenses relating to the floating charge asset realisations have yet to be finalised. Also the final level of unsecured creditor claims in each Company is yet to be determined as there were substantial inter-company balances across both the NI and ROI Groups on appointment. It is too early to determine the quantum and timing of the respective Prescribed Part dividends.

The Administrators may, if appropriate, apply to Court for an Order not to distribute the Prescribed Part if the net property is less than the prescribed minimum (£10,000) and it is believed that the costs of agreeing and paying claims will be disproportionate to the benefits.

There will be no other return to creditors other than via the Prescribed Part.

If any creditor has not yet submitted a claim, please find attached a Statement of Claim for the individual Companies which should be completed and returned to PwC LLP, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR as soon as possible.

Administrators' remuneration

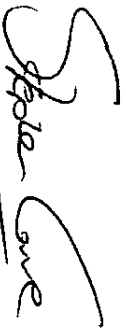
The Administrators' remuneration is to be approved by the secured creditor and to the extent required by preferential creditors. A total remuneration of £30,000 has been drawn in the period to 2 March 2012.

1. Joint Administrators' progress report for the six months ended 2 March 2012

Next report

The Administrators' next report to creditors will likely be at the earlier of the conclusion of the Administration or in approximately six months.

Should you have any queries on the contents of this report, in the first instance please contact Helen Donnelly on (028) 9041 5920.



Stephen Cave
Joint Administrator
Derry News Limited
River Newspapers Derry Limited

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Northern Ireland Chancery Division, 8389 of 2011
Full and trading name:	Derry News Limited
Registered number:	NIO39028
Registered address:	c/o PricewaterhouseCoopers LLP, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR
Company directors:	Dominic Fitzpatrick, James Fitzpatrick, Tim Collins, Padraig O'Dwyer
Company secretary:	Dominic Fitzpatrick
Shareholdings held by the directors and secretary:	100% owned by River Newspapers (NI) Ltd
Date of the Administration appointment:	2 September 2011
Administrators' names and addresses:	Stephen Cave, PricewaterhouseCoopers LLP, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR Paul Rooney, PricewaterhouseCoopers LLP, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR
Appointor's / applicant's name and address:	The Directors of the Company, c/o Pearl Assurance House, 2 Donegall Square East, Belfast BT1 5HB
Objective being pursued by the Administrators:	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up first (without being in Administration).
Division of the Administrators' responsibilities:	The Joint Administrators shall be entitled exercise all of their functions as such administrators jointly and severally, so that all functions may be exercised by any or all of the joint administrators.
Proposed end of the Administration:	As it is anticipated that there will be no dividend payable to unsecured creditors the Administrators will file notice under Paragraph 85 Sch.B1 with the Registrar of Companies, following registration of which the Company will be dissolved three months later.
Estimated dividend for unsecured creditors:	Unknown
Estimated values of the prescribed part and the company's net property:	Unknown
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Unknown
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings
Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:	None

Derry News Limited and River Newspapers Derry Limited - both in Administration ("the Companies")

3. Receipts and payments account for the period 2 September 2011 to 2 March 2012

Derry News Limited - in Administration		Period
Receipts and Payments account		02/09/11
		- 02/03/12
		£
Balance brought forward		0
Sale of business receipts		
Goodwill	450,000	
Computers	100	
Office Equipment	10,000	
Intangible Assets	100	
Book Debts	82,924	
Intellectual Property Rights	100	543,224
Other receipts		
Third Party Funds	5,331	
Interest	233	5,563
	Total	548,787
Carried Forward		£
Balance brought forward		0
Sale of business payments		
Valuation Fee	1,292	
Legal Fees	8,500	
Legal Disbursements	80	
Professional Fees	27,273	
Insurance	676	
General Expenses	369	38,190
Other payments		
Distribution to Chargeholder	350,000	
Third Party Funds	5,191	
Office Holder Fees	15,000	
Bank charges	25	
VAT	4,700	374,915
	Total	413,105
Carried Forward		
Balance at bank		135,682

Derry News Limited - in Administration – Statement of Claim

Creditor's name and address.	
Total amount of your claim, including any VAT at the date the administration commenced.	£
Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title in respect of goods to which the debt relates. If relevant, please attach a statement of account.	
What goods or services did you provide?	
Is all or part of your claim preferential as defined in the Insolvency (Northern Ireland) Order 1989? (see footnote) If so, please provide details where indicated, otherwise leave this section blank.	Category Amount (s) claimed as preferential £
If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security. If no security held, leave this section blank.	
We have a duty as administrators to consider the conduct of the directors prior to our appointment. Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed? If so, please provide brief details on this form, or on a separate sheet if there is insufficient room.	
Signature of creditor or person authorised to act on behalf of the creditor.	Date
Name in block capitals.	
Position with or relation to the creditor (e.g. director, company secretary, solicitor).	

Categories of preferential creditors are defined in Article 346 of the Insolvency (Northern Ireland) Order 1989 (amended by the provisions of section 251 of the Enterprise Act 2002) as contributions to occupational pension schemes; remuneration and accrued holiday pay of employees; amounts due in respect of monies advanced to pay remuneration and accrued holiday pay; amounts ordered to be paid under the Reserve Forces (Safeguard of Employment) Act 1985 and levies on coal and steel production