

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

United Freight Distribution Limited

Company number

SC097002

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
John Charles Reid
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQWilliam Kenneth Dawson
Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date(s)

(b) 16 July 2008

(b) 15 January 2009

Signed

Joint / Administrator(s)

Dated

12th February, 2009.

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

John Charles Reid
Deloitte LLP
Lomond House
9 George Square
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DX Number DX: GW 223

Tel: 0141 204 2800
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP 4 Edinburgh-2

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COMPANIES HOUSE

**TO ALL KNOWN CREDITORS
OF UNITED FREIGHT DISTRIBUTION LIMITED**

Direct: 0141 304 5685
Direct fax: 0141 314 5895
sgraham@deloitte.co.uk

13 February 2009

Our ref: JCR/SCR/SLG/MS

Dear Sirs

United Freight Distribution Limited (In Administration) (the "Company")

As you are aware Bill Dawson and I ("the Administrators", "we" or "us") were appointed Joint Administrators to the Company on 16 July 2007.

The appointment was made under the out of Court procedure at the Court of Session, Edinburgh under paragraphs 22 to 34 of Schedule B1 of the Insolvency Act 1986.

This report is prepared pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986. The purpose of this report is to provide creditors with an update on the progress of the Administration for the six months to 15 January 2009.

COMPANY INFORMATION

Company Registered Address and Company Number

Registered Address: Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

Company Number: SC097002

Important notice: Partners, Associate Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners, Associate Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

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Name of Company Directors and Company Secretary

Directors: Ronald George Forsyth, Brian James Imrie Kemp and Derek Page

Company Secretary: Purple Venture Secretaries Limited

ESTIMATED OUTCOME

Since our last report we have continued to:-

- Pursue the recovery of the remaining assets of the Company, in particular the Buncefield insurance claim; and
- finalise the claims of the creditors of the Company.

We have enclosed at Appendix I an Estimated Outcome Statement at 15 January 2009, a summary of which is set out below.

Table 1

Summary of Estimated Outcome Statement at 15 January 2009

	£000
Debts Subject to Specific Charge	
Book Debt Recoveries	4,036
Distributed to the Secured Creditor	(2,560)
Surplus Debts Subject to Specific Charge	1,476
Assets Subject to Floating Charge	
Surplus Debts Subject to Specific Charge	1,476
Insurance Claim	285
Financed Equipment, Vehicles & Fittings	642
Other Recoveries	463
Gross Realisations under Floating Charge	2,866
Costs	
Administrators' Fees	(1,000)
Finance Settlements Made	(450)
SPA Debt Costs/Legal Costs	(153)
Legal, Agents & Other Costs	(118)
	(1,721)
Preferential Creditors	(48)
Second Ranking Floating Charge Holder	(15)
Available to Unsecured Creditors	1,084
Estimated Unsecured Creditors	5,991
Dividend to unsecured creditors (p in the £)	18.1
Distributed to date (p in the £)	14.1
Estimated Distribution (p in the £)	4.0

Source: Deloitte Analysis

Funds available for unsecured creditors have increased from £1,069,000 to £1,084,000 since our last report. The increase of £15,000 comprises mainly of bank interest received since our last report.

The current estimated dividend to creditors of 18.1p is subject to final asset recoveries. This outcome represents an increase compared with the 17.0p dividend advised in our previous report. The increase arises from:

- A fall in the level of estimated agreed claims from £6,300,000 to £5,991,000 following claims adjudication by the Administrators.

A copy of the Administrators' receipts and payments account for the six months to 15 January 2009 is attached at Appendix II.

REALISATION OF ASSETS

Since our last report we have secured the following additional asset recoveries:-

- £50,000 from UFD Holdings Limited;
- Interest on funds held of £22,000

We comment below on future realisations.

Buncefield Insurance Claim

The creditors committee passed a resolution by post on 9 January 2009 that the opinion of Counsel be sought in respect of the likelihood of recovering the uninsured losses (estimated value of £196,000) at a fee of £8,000. There is no recovery in the estimated outcome for these losses and counsel's opinion is expected at the end of February. This opinion will determine whether or not the Administrators will continue to pursue uninsured losses.

CREDITORS

Secured Creditors

The indebtedness of the Royal Bank of Scotland Invoice Finance ("RBSIF) at the date of appointment including accrued interest and termination charges totalled £2,560,198. RBSIF has now recovered its lending in full.

A second ranking floating charge is held by the estate of James Kemp, father of Brian Kemp a director of the Company, in respect of a director's loan. The floating charge is specifically secured over all road fund licences owned by the Company. The amount due to the second ranking floating charge holders has now been agreed in full and payment of £14,540 has now been remitted.

Preferential Creditors

All Company employees with the exception of those employed at Hemel Hempstead Depot were transferred to Ramage Distribution Limited. Preferential claims of £47,657 have been adjudicated and paid in full.

Unsecured creditors

The Administrators have power to distribute funds to secured and preferential creditors pursuant to paragraph 65 of Schedule B1 of the Insolvency Act 1986.

In accordance with paragraph 65(3) of Schedule B1 of the Act, the Administrators have now obtained approval from the Court to distribute funds to the unsecured creditors following an application to the Court on 7 November 2007.

We have now finalised the claims of the unsecured creditors which total £5,991,254.

We have spent considerable time and effort in the adjudication of creditors' claims, as a result of which our estimate of the final claims has dropped from £8.4m to £6.0m, increasing the dividend from 14.9p to 18.1p. This figure may change dependant on the final outcome of the Buncefield insurance claim.

We anticipate that a final dividend will be paid to creditors in the next few months.

JOINT ADMINISTRATORS FEES AND EXPENSES

In accordance with Rule 2.39 and Rule 4.32 of the Insolvency (Scotland) Rules 1986, as applied by Section 53(1) of the Bankruptcy (Scotland) Act 1985, an Administrator's fees can be approved by a Creditors' committee or by the Court. A Creditors' committee was formed at the meeting of creditors on 11 September 2007.

For the period 16 July 2007 to 15 September 2008, we have incurred time costs and drawn fees of £989,762 plus VAT. These fees were approved by the Creditors' committee and a detailed analysis of the time costs drawn is attached below.

- Fees of £363,983 plus VAT and expenses of £5,819 for the period 16 July to 21 August 2007 were duly approved by the committee;
- Fees of £170,566 plus VAT and expenses of £4,587 for the period 22 August to 4 October 2007 were approved by the committee;
- Fees of £185,803 plus VAT and expenses of £630 for the period 5 October to 14 December 2007 were approved by the committee;
- Fees of £120,000 plus VAT for the period 15 December 2007 to 15 March 2008 were approved by the committee; and
- Fees of £149,410 plus VAT and expenses of £1,070.13 for the period to 15 September 2008 were approved by the Committee.

A detailed analysis of fees drawn is attached at Appendix III and summarised below:

United Freight Distribution Limited - In Administration
Analysis of Administrators' Fees

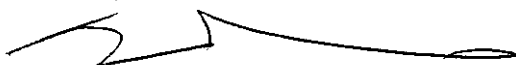
Area	Partners Hours	Directors Hours	Managers Hours	Other Senior Staff Hours	Support Staff Hours	Total Hours	Fee (£)	Average Rate (£)
Admin & Planning	58.5	80.1	220.1	63.6	156.5	578.8	172,250	298
Creditors	65.8	39.8	306.4	67.4	327.6	807.0	206,392	256
Investigations	15.5	10.5	61.5	2.1	35.9	125.5	38,854	310
Realisation of Assets	79.9	89.7	469.2	189.9	46.0	874.7	268,399	307
Trading	24.0	20.5	164.6	77.8	47.6	334.5	87,074	260
Other	21.5	40.9	375.6	185.3	184.5	807.8	216,793	268
Total	265.2	281.5	1,597.4	586.1	798.1	3,528.3	989,762	

Average Rate (£)

281

Source: Deloitte analysis

Yours faithfully



J C Reid
Joint Administrator

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THE AFFAIRS, BUSINESS AND PROPERTY OF THE COMPANY ARE BEING MANAGED BY THE JOINT ADMINISTRATORS
THE JOINT ADMINISTRATORS CONTRACT AS AGENTS OF THE COMPANY ONLY AND WITHOUT PERSONAL LIABILITY

United Freight Distribution Limited (In Administration) Estimated Outcome Statement 10 February 2009			Appendix I		
	To Date £	Future £	Current Estimated Final £	07/08/2008 Previous Final £	Movement
DEBTS SUBJECT TO SPECIFIC CHARGE					
Book Debt Recoveries	4,036,151	-	4,036,151	4,036,151	-
Distributed to the Bank	(2,560,198)	-	(2,560,198)	(2,560,198)	-
Surplus Debts Subject to Specific Charge	1,475,953	-	1,475,953	1,475,953	-
ASSETS SUBJECT TO FLOATING CHARGE					
Surplus Debts Subject to Specific Charge	1,475,953	-	1,475,953	1,475,953	-
Debts Not Subject to Specific Charge	50,000	-	50,000	50,000	-
Goodwill	60,010	-	60,010	60,010	-
Insurance Claim	285,294	-	285,294	285,294	-
Owned Equipment, Vehicles & Fittings	83,883	-	83,883	83,883	-
Financed Equipment, Vehicles & Fittings	641,847	-	641,847	641,847	-
Tax Refund	77,039	-	77,039	77,039	-
Rent Prepayments	52,891	-	52,891	52,891	-
Road Fund Licenses	14,440	-	14,440	14,440	-
Other Prepayments	20,342	-	20,342	20,342	-
Stocks	5,000	-	5,000	5,000	-
Petty Cash and Bank	75	-	75	75	-
Other Recoveries	99,607	-	99,607	77,534	22,073
Gross Realisations	2,866,381	-	2,866,381	2,844,308	22,073
Administrators Fees	(989,762)	(10,238)	(1,000,000)	(1,000,000)	-
Legal Costs	(34,753)	(15,000)	(49,753)	(43,730)	(6,023)
Agents Costs	(31,580)	-	(31,580)	(31,580)	-
Administrators Trading Costs	(13,749)	(5,000)	(18,749)	(18,749)	-
Finance Settlements Made	(449,834)	-	(449,834)	(449,834)	-
SPA Debt Costs/Legal Costs	(122,780)	(30,000)	(152,780)	(152,780)	-
Other Costs	(17,967)	-	(17,967)	(16,729)	(1,238)
Available to Preferential Creditors	1,205,956	(60,238)	1,145,718	1,130,906	14,812
Preferential Creditors	(47,657)	-	(47,657)	(47,657)	-
Available to Floating Charge Holder	1,158,299	(60,238)	1,098,061	1,083,249	14,812
Second Floating Charge Holder	(14,540)	-	(14,540)	(14,540)	-
Available to Unsecured Creditors	1,143,759	(60,238)	1,083,521	1,068,709	14,812
Unsecured creditors	(842,394)	-	(842,394)		
	301,365	(60,238)	241,127		
Represented By					
Bank Balance	302,709	(61,582)	241,127	1,068,709	
VAT	30,241	(30,241)	-	-	
PAYE	(23,812)	23,812	-	-	
Ramage Hemel Hempstead Depot Account	(6,971)	6,971	-	-	
Ramage General Account	315	(315)	-	-	
Other Debtors	-	-	-	-	
Other Creditors	(1,117)	1,117	-	-	
Ramage Debtors Account	-	-	-	-	
	301,365	(60,238)	241,127	1,068,709	
Unsecured Creditors			5,991,254	6,300,000	
Dividend (p in the £)			18.09	17.0	
Source: Deloitte Analysis					

United Freight Distribution Limited (In Administration)
Joint Administrators' Abstract of Receipts & Payments

Appendix II

**Statement
of Affairs**

**From 16/07/2008
To 15/01/2009**

**From 16/07/2007
To 15/01/2009**

GENERAL FIXED CHARGE

Distribution to 2nd Chargeholder	NIL	14,539.55
Book Debts - RBSIF Banked Direct	NIL	-2,610,298.18
Other debtors	-50,000.00	-74,691.79
Distribution to RBSIF	<u>NIL</u>	<u>2,560,198.18</u>
	50,000.00	110,252.24

ASSET REALISATIONS

Goodwill and Sale of Business	NIL	45,009.85
26,500 Owned Equipment, Vehicles and Fittin	NIL	63,181.61
90,000 Furniture & Equipment	NIL	83,882.50
65,207 Financed Equipment, Vehicles and Fitti	NIL	493,400.00
15,000 Stock	NIL	5,000.00
Book Debts	NIL	1,401,161.02
58,000 Rent Prepayments	NIL	52,890.93
15,000 Road Fund Licences	NIL	14,439.55
Other Prepayments and Debtors	NIL	20,342.18
Tax Refund	NIL	77,039.44
445,000 Insurance Refund	NIL	268,035.55
Petty cash and Bank	NIL	74.91
Other Recoveries	NIL	23,696.54
Rates Refund	NIL	7,445.87
Racking Sale	NIL	85,265.41
Bank Interest Gross	22,072.76	68,563.84
Insurance Claims	NIL	25,940.64
Treasury Bills Gains	NIL	67.33
Trading Surplus/(Deficit)	<u>-11,587.97</u>	<u>-13,749.38</u>
	10,484.79	2,721,587.79

COST OF REALISATIONS

Specific Bond	NIL	720
Other legal fees	NIL	3,076.00
Administrators' Fees	149,410.00	989,762.00
Administrators' Expenses	1,070.13	12,106.54
Legal Fees & Expenses	6,023.00	31,677.20
Agents Fees & Expenses	NIL	31,580.23
Finance Settlements Made	NIL	449,833.96
SPA Debt Costs - Ramage	NIL	103,434.16
Agents/Valuers Fees (2)	NIL	8,750.00
Debt Collection Fees	NIL	18,510.24
Stationery	NIL	2,429.66
Debt Collection	NIL	835.72
Storage Costs	166.78	640.36
Postage & Redirection	NIL	23.25
Statutory Advertising	NIL	1,187.49
Rents Payable	NIL	750
Bank Charges	<u>NIL</u>	<u>110</u>
	-156,669.91	-1,655,426.81

PREFERENTIAL CREDITORS

Department of Employment	15,476.76	15,476.76
-256,000 Employees Wage Arrears	<u>NIL</u>	<u>32,180.37</u>
	-15,476.76	-47,657.13

UNSECURED CREDITORS

Trade Creditors	836,345.84	836,345.84
Unsecured employee	<u>6,048.01</u>	<u>6,048.01</u>
	-842,393.85	-842,393.85
	<u>-954,055.73</u>	<u>286,362.24</u>

REPRESENTED BY

VAT Receivable	214,084.02
IB Current A/C	302,709.06
PAYE Payable	-23,637.42
Nat. Ins. Payable	-174.12
Trade Creditors	-400.42
VAT Payable	-125,640.82
VAT Received From HM R&C	-58,202.32
Ramage Hemel Hempstead Depot Acc	-6,970.98
Ramage Debtors Account	-15,000.00
Wages due to RBS	315.24
Due to Deloitte	-720

286,362.24

United Freight Distribution Limited - In Administration
Analysis of Administrators' Fees

Appendix III

Area	Task	Partners		Directors		Managers		Other Senior Staff		Support Staff		Total Hours	Fee (£)	Average Rate (£)
		Hours	Fee (£)	Hours	Fee (£)	Hours	Fee (£)	Hours	Fee (£)	Hours	Fee (£)			
Admin & Planning	Cashiers	4.3	2,193	7.2	3,096	31.3	10,983	7.6	1,580	60.0	11,370	110.4	29,222	265
	Compliance	12.2	6,347	12.2	5,246	65.1	19,427	34.9	7,390	46.4	6,510	170.8	44,920	263
	Immediate Actions	5.0	2,550	10.5	4,515	38.5	10,303	8.0	1,640	15.0	1,800	77.0	20,808	270
Creditors	Reporting	37.0	19,495	50.2	22,036	85.2	28,251	13.1	2,751	35.1	4,767	220.6	77,300	350
	Employees	1.9	969	8.1	3,483	20.5	5,358	11.7	2,399	78.5	10,612	120.7	22,821	189
	Retention of Title	-	-	6.0	2,580	11.3	3,013	-	-	7.5	900	24.8	6,493	262
Investigations	Hire Purchase & Leased Assets	3.3	1,683	9.0	3,870	28.5	9,653	4.2	861	15.0	1,800	60.0	17,867	298
	Landlords	12.8	6,528	9.5	4,085	19.3	5,920	4.8	984	7.5	900	53.9	18,417	342
	Unsecured	47.8	26,541	7.2	3,096	226.8	68,788	46.7	10,062	219.1	32,307	547.6	140,794	257
Realisation of Assets	Investigations	15.5	8,155	10.5	4,515	61.5	20,796	2.1	473	35.9	4,915	125.5	38,854	310
	Book Debts	42.5	22,300	46.8	20,372	196.1	60,489	124.3	26,190	24.8	3,864	434.5	133,215	307
	Sale of Business	10.5	5,355	27.3	11,739	172.5	52,025	36.8	7,534	9.7	1,260	256.8	77,913	303
Trading	Insurance	15.5	8,105	7.5	3,225	28.3	7,405	1.6	360	4.5	600	57.4	19,695	343
	Equipment & Stocks	2.4	1,224	3.3	1,419	26.0	7,990	18.1	3,706	2.5	350	52.3	14,689	281
	Other Assets	9.0	4,840	4.8	2,064	46.3	13,547	9.1	1,866	4.5	570	73.7	22,887	311
Other	Initial Controls	10.0	5,100	6.0	2,580	34.5	9,343	10.0	2,050	12.9	1,766	73.4	20,839	284
	Ongoing Trading	7.5	3,825	4.5	1,935	36.8	20,820	20.0	4,100	22.2	3,108	141.0	33,788	240
	Depot Visits	-	-	1.5	645	27.5	7,763	27.0	5,535	1.0	140	57.0	14,083	247
Other	Closure of Trading	6.5	3,315	8.5	3,655	15.8	5,530	20.8	4,254	11.5	1,610	63.1	18,364	291
	Pensions	-	-	1.0	430	5.3	1,260	-	-	2.0	280	8.3	1,970	237
	VAT & Tax	21.5	11,465	39.9	17,270	370.3	121,594	185.3	37,987	182.5	26,507	799.5	214,823	269
Total		265.2	135,990	281.5	121,856	1,597.4	490,258	586.1	121,722	798.1	115,936	3,528.3	989,762	
Average Rate (£)			528		433		307		308		145		281	

Source: Deloitte analysis