

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 1QQ

William Kenneth Dawson

Lomond House
9 George Square
Glasgow

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

from

to

(b) Insert date(s)

(b) 16 July 2009

(b) 15 January 2010

Signed

Joint / Administrator(s)

Dated

*14th February 2010***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 is

John Charles Reid
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

DX Number DX: GW 223

Tel: 0141 204 2800
DX Exchange



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09/02/2010
COMPANIES HOUSE

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

TO ALL CREDITORS OF UNITED FREIGHT DISTRIBUTION LIMITED (IN
ADMINISTRATION) ("THE COMPANY")

Direct: 0141 304 5081
Direct fax: 0141 314 5895
scottadams@deloitte.co.uk

8 February 2010

Our Ref: JCR/WKD/EXC/SIA

Dear Sirs

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

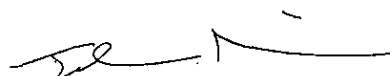
In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 (as amended), we write to advise you on the progress of the Administration.

The following document is enclosed:

- **Administrators' Progress Report** which includes the additional information, prescribed by the Rules.

A final dividend was paid to unsecured creditors on 8 December 2009 and therefore there are no further funds available for distribution.

Yours faithfully
For and on behalf of the Company



John C. Reid
Joint Administrator

Enc

JOHN REID AND WILLIAM DAWSON WERE APPOINTED JOINT ADMINISTRATORS OF UNITED FREIGHT DISTRIBUTION LIMITED ON 16 JULY 2007. THE AFFAIRS, BUSINESS AND PROPERTY OF THE COMPANY ARE MANAGED BY THE JOINT ADMINISTRATORS. THE JOINT ADMINISTRATORS ACT AS AGENT OF THE COMPANY AND CONTRACT WITHOUT PERSONAL LIABILITY.

ALL LICENSED INSOLVENCY PRACTITIONERS OF DELOITTE LLP ARE LICENSED IN THE UK.

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

Court of Session, Edinburgh

**SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.38 OF THE INSOLVENCY (SCOTLAND) RULES 1986
(AS AMENDED)**

8 February 2010

This report has been prepared for the sole purpose of advising the Creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators act as agents of the Company without personal liability

**John Reid and William Dawson
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ**

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency (Scotland) Rules 1986 (as amended)
"the Administrators"	John Charles Reid and William Kenneth Dawson of Deloitte LLP, Lomond House, 9 George Square, Glasgow, G2 1QQ
"the Company"	United Freight Distribution Limited (in Administration)
"Deloitte"	Deloitte LLP
"the Directors"	Brian Kemp, Ron Forsyth and Derek Page
"the Bank"	The Royal Bank of Scotland plc
"RBSIF"	The Royal Bank of Scotland Invoice Finance
"Ramage"	Ramage Distribution Limited
"Heatons"	Heatons (NI) Limited

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.38 of the Rules to provide creditors with an update on the progress of the Administration for the six months to 15 January 2010.

It had originally been our intention to bring this Administration to a close on 15 January 2010. However, please refer to section 5.2 for the reasons why a further extension of the Administration was necessary.

Given the information previously provided to creditors in earlier reports, we have not included detailed background information in respect of the Company and have focussed on progress of the Administration since our last report to creditors dated 21 August 2009.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

1.2 Details of the appointment of the Administrators

John Reid and William Dawson of Deloitte were appointed Joint Administrators of United Freight Distribution Limited, by the Court following a petition by the Directors.

The appointment was made on 16 July 2007 under the out of Court procedure at the Court of Session, Edinburgh under Paragraphs 22 to 34 of Schedule B1 of the Act.

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

2. THE ADMINISTRATORS PROPOSALS

2.1 Introduction

As previously reported to creditors, the Administrators concluded that in order to realise optimum value for the Company's creditors, a going concern sale of part of the business and assets to Ramage immediately following an Administration appointment would achieve a better result for creditors as a whole.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(b) of the Act, which is detailed above.

The Administrators' proposals in order to achieve this objective, which were approved by the creditors of the Company at the meeting of creditors held on 11 September 2007 are as follows:

- 1) The Administrators continue to manage the affairs and assets of the Company including realising the remaining assets for the benefit of creditors and the settlement of all administration expenses;
- 2) The Administrators continue their enquiries into the conduct of the Directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company;
- 3) The Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors of the Company unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution;
- 4) The Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit. In relation to distributions to unsecured creditors the Administrators be authorised to seek the consent of the Court to make a distribution to the unsecured creditors pursuant to Paragraph 65 of Schedule B1 of the Insolvency Act 1986;
- 5) In the event the creditors of the Company so determine, at the meeting of creditors, to appoint a Creditors' Committee in the Administration comprising of not more than five and not less than three creditors of the Company;
- 6) The Administrators consult with the Creditors' Committee at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals together with approval for the fees of the Administrator and his appointed agents;
- 7) The Administrators' fees and expenses for the Company to be approved for payment, pursuant to Rule 2.39 of the Insolvency (Scotland) Rules 1986, by a creditors' committee (formed at the meeting of creditors) or, in the absence of a Committee, by a creditors' resolution passed at a meeting of creditors;
- 8) The Administrators' fees of £363,983 plus VAT and expenses of £5,819 for the period to 21 August 2007 be approved for payment by the creditors of the Company;

- 9) The Administrators become the Liquidators of the Company, if it becomes appropriate to take steps to place the Company into Creditors Voluntary Liquidation. In accordance with paragraph 83(7) and Rule 2.47, creditors may nominate a different individual as the proposed Liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved; and
- 10) On completion of the realisation of assets and distribution of funds to creditors, and as quickly and as efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations.

2.2 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

Proposal	Current status
1)	Complete. Though legal action resolution pending.
2)	Complete. Report submitted 31 March 2008.
3)	Complete.
4)	Complete.
5)	Complete. Committee appointed.
6)	Ongoing meetings and correspondence held.
7)	Ongoing approval sought since appointment.
8)	Complete.
9)	Not applicable in this Administration.
10)	Ongoing.

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.

3. JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS ACCOUNT

3.1 Introduction

Attached at Appendix 2 is a Receipts and Payments account covering the period from 16 July 2009 to 15 January 2010. We have not attached an Estimated Outcome and Distribution Statement as at 15 January 2010 as all assets have now been distributed to the unsecured creditors through the payment of a final dividend.

A final dividend of 3.93p in the pound was paid on the 8 December 2009.

Since our last report to creditors we have finalised the following items:

- A recovery of £14,125 relating to a dividend from an insolvent debtor;
- A final Corporation Tax liability of £21,088;
- Final legal and other costs of £1,237; and
- The settlement via compromise agreements of creditor claims of £25,349.

3.2 Estimated Future Realisations

No other future asset realisations are anticipated.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

The indebtedness of the 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 was 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.

4.2 Preferential creditors

All Company employees with the exception of those employed at Hemel Hempstead Depot were transferred to Ramage. Preferential claims of £47,483 have been adjudicated and paid in full.

4.3 Unsecured creditors

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

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

Unsecured creditors ranking for a final dividend total £5,267,002 which has been reduced from £5,991,254 by compromise agreements reached with certain creditors.

An interim dividend payment of 14.06p in the pound was paid on 27 October 2008.

A final dividend payment of 3.93p in the pound was made to unsecured creditors on 8 December 2009. We are currently awaiting the clearance of unclaimed final dividend cheques from the Administration bank account.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extension to the initial appointment period

The initial period of appointment was from 16 July 2007 to 15 July 2008. Two further extensions have been required, with the previous expiry of the Administration due on 15 January 2010.

We applied for and were granted a further extension of the Administration for a period of 6 months to 15 July 2010 by the Court on 5 January 2010.

Reasons for the extension are discussed below.

5.2 Matters delaying the closure of the Administration

As advised above, all closing costs in the Administration have been finalised, subject to a small balance of funds in hand to settle closing costs.

However, the Administrators have been made aware of a pre-appointment insurance claim in relation to a personal injury claim against the Company and a customer, Heatons, which relates to an injury to an employee of Heatons whilst unloading a delivery from one of the Company's trucks.

It was anticipated that this claim would be dealt with and paid by the Company's Public Liability Insurers should the Company be found liable, therefore payment of the final dividend to creditors proceeded on this basis.

However, since making such payment, it has been confirmed by the insurers that due to some breaches of the insurance policy by the Company prior to Administration, the insurers will not be responsible for any liability granted against the Company.

A hearing was called in the High Court, Belfast on 22 January 2010 due to the release of the legal agents acting for the insurers. Our legal agents are currently reviewing the case files in an attempt to have this matter resolved as soon as possible.

5.3 Investigations

We carried out investigations into the conduct of the Directors of the Company and a report was submitted to the Department of Trade and Industry (now known as the Department for Business, Innovation & Skills) on 31 March 2008.

5.4 Exit

Following the finalisation of the aforementioned claim and conclusion of the Administration, it is anticipated that the Administrators will file notices with the Court and Companies House under Paragraph 84 of Schedule B1 of the Act and request the dissolution of the Company.

5.5 SIP 13 – Transactions with connected parties

In accordance with Statement of Insolvency Practice Number 13 (Scotland), we confirm that there have been no transactions with connected parties in the period.

6. JOINT ADMINISTRATORS FEES AND EXPENSES

6.1 Joint Administrators' Fees

In accordance with Rule 2.39 and Rule 4.32 of the Rules, as applied by Section 53(1) of the Bankruptcy (Scotland) Act 1985 (as amended), 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.

In this regard, all fees in this case have been approved by the creditors' committee and time costs provided to 15 July 2009 were provided in our previous report to creditors. No additional fees have been requested since that date.

6.2 Other professional costs

As previously advised, DLA Piper LLP were initially instructed by the Administrators to advise on appropriate legal matters however the files were then transferred to Maclay Murray Spens LLP following staffing changes. In addition, King Sturge LLP, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other assets where appropriate. Bruce Shaw Property Consultants assisted King Sturge LLP with the clearance of the Hemel Hempstead Site. In addition, Marsh Ltd was engaged in relation to the Buncefield insurance claim. The professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

	Net	VAT	Gross
Legal Fees			
DLA Piper LLP	£10,661.20	£1,862.58	£12,523.78
Maclay Murray Spens LLP	£7,876.00	£1,247.24	£9,123.24
Davidson Chalmers Commercial Lawyers	£3,000.00	£525.00	£3,525.00
	<u>£21,537.20</u>	<u>£3,634.82</u>	<u>£25,172.02</u>
Agent Fees			
King Sturge LLP	£28,715.33	£5,275.14	£33,990.47
Bruce Shaw Property Consultants	£2,864.90	£501.36	£3,366.26
	<u>£31,580.23</u>	<u>£5,776.50</u>	<u>£37,356.73</u>
Insurance Brokers			
Marsh Ltd	£8,750.00	£1,531.25	£10,281.25
Total Professional Costs	<u>£61,867.43</u>	<u>£10,942.57</u>	<u>£72,810.00</u>

UNITED FREIGHT DISTRIBUTION LIMITED
(IN ADMINISTRATION)
SUMMARY OF STATUTORY INFORMATION

Company name	United Freight Distribution Limited
Company number	SC097002
Incorporation date	22 March 1990
Registered office	Deloitte LLP Lomond House 9 George Square Glasgow G2 1QQ
Ordinary issued and called up share capital	100,000 £1 Ordinary shares
Shareholders	UFD Group Limited – 100,000 Ordinary Shares
Directors	Ronald George Forsyth Brian James Imrie Kemp Derek Page
Company secretary	Purple Venture Secretaries Limited
Bankers	National Westminster Bank Plc
Auditors	Carters Accountants LLP

United Freight Distribution Limited (In Administration)
Joint Administrators' Abstract of Receipts & Payments
to 15 January 2010

Statement of Affairs	From 16/07/2009 To 15/01/2010	From 16/07/2007 To 15/01/2010
GENERAL FIXED CHARGE		
Distribution to 2nd Chargeholder	NIL	(14,539.55)
Book Debts - RBSIF Banked Direct	NIL	2,610,298.18
Other debtors	NIL	74,691.79
Distribution to RBSIF	NIL	(2,560,198.18)
	NIL	110,252.24
ASSET REALISATIONS		
Goodwill and Sale of Business	NIL	60,009.85
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 Fittin	NIL	493,400.00
15,000 Stock	NIL	5,000.00
Book Debts	NIL	1,401,252.06
58,000 Rent Prepayments	NIL	52,890.93
15,000 Road Fund Licences	NIL	14,439.55
Other Prepayments and Debtors	NIL	27,713.58
Tax Refund	NIL	77,039.44
445,000 Insurance Refund	NIL	268,035.55
Petty cash and Bank	NIL	74.91
Other Recoveries	14125.38	37,721.92
Rates Refund	NIL	7,445.87
Racking Sale	NIL	85,265.41
Bank Interest Gross	NIL	69,451.51
Insurance Claims	NIL	25,940.64
Treasury Bills Gains	NIL	67.33
Trading Surplus/(Deficit)	NIL	(14,064.62)
	14,125.38	2,758,748.04
COST OF REALISATIONS		
Specific Bond	NIL	(720.00)
Other legal fees	NIL	(3,076.00)
Administrators' Fees	NIL	(1,049,762.00)
Administrators' Expenses	NIL	(12,488.01)
Legal Fees & Expenses	(1,190.00)	(40,313.20)
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)
Corporation Tax	(21,088.39)	(21,088.39)
Stationery	NIL	(2,429.66)
Debt Collection	NIL	(835.72)
Storage Costs	(37.47)	(1,582.62)
Postage & Redirection	NIL	(23.25)
Statutory Advertising	NIL	(1,187.49)
Rents Payable	NIL	(750.00)
Bank Charges	(10.00)	(120.00)
	(22,325.86)	(1,746,484.93)
PREFERENTIAL CREDITORS		
Department of Employment	NIL	(15,476.76)
-256,000 Employees Wage Arrears	NIL	(32,006.25)
	NIL	(47,483.01)
UNSECURED CREDITORS		
Trade Creditors	(207,720.44)	(1,038,098.97)
Unsecured employee	(4,379.82)	(10,742.80)
Compromise Agreements on unsecured	(25,348.84)	(25,348.84)
	(237,449.10)	(1,074,190.61)
	(245,649.58)	841.73
REPRESENTED BY		
IB Current A/C		6,184.79
Unclaimed dividends		(5,343.06)
		841.73