

Notice of Receiver's Report

Pursuant to Section 67(1) of the
Insolvency Act 1986

S67(1)

(a) Insert name of the person
to whom notice is to be given
under section 67(1)To (a) the Registrar of Companies
the Accountant in Bankruptcy

For official use

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Company Number

SC095134

Name of Company

Insert name of company

Les Taylor Contractors Limited

Insert name(s) and
address(es) of receiver(s)I / We Colin Peter Dempster and Andrew James Davison
of Ten George Street, Edinburgh, EH2 2DZReceiver(s) of the company attach a copy of my / our report to creditors and a summary of
the statement of affairs of the company.

Signed



Date

28/11/11

Presenter's name,
address and reference
(if any):Sarah Dickson
Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

CPD/DNH/SD

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Liquidation Section

Post Room

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COMPANIES HOUSE

Les Taylor Contractors Limited (In Receivership)

Joint Receivers' Report

**Pursuant to Section 67
of The Insolvency Act 1986**

Les Taylor Contractors Limited (In Receivership)

C P Dempster and A J Davison Appointed Joint Receivers

On 7 January 2011

RECEIVERS' REPORT PURSUANT TO SECTION 67 OF THE INSOLVENCY ACT 1986

This document is the report being laid before the meeting convened by the Joint Receivers pursuant to s67 of the Insolvency Act 1986

Date of meeting 16 March 2011 at 2.30pm

Location Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

Joint Receivers C P Dempster and A J Davison

Dividend Prospects On the basis of the current information available, the Joint Receivers believe that the preferential creditors will be paid in full but are not yet in a position to comment on whether there will be sufficient funds available to pay the floating charge holder in full and accordingly whether there will be remaining funds to distribute to the ordinary unsecured creditors.

Abbreviations

The following abbreviations are used in this report:

the Company	Les Taylor Contractors Limited
JGF	J. G. Fowle (Contractors) Limited
GBC	Grampian Building Contractors Limited
the Group	LTC, JGF and the Company
the Bank	Bank of Scotland plc
Shepherds	J&E Shepherd Chartered Surveyors
GAJA	G.A. Johnston Associates
HMRC	H M Revenue & Customs

1 Introduction

Colin Peter Dempster and Andrew James Davison, both of Ernst & Young LLP, Ten George Street, Edinburgh EH2 2DZ were appointed Joint Receivers of the Company on 7 January 2011 under the terms of a Bond and Floating Charge dated 6 February 1996 and registered on 22 February 1996 in favour of The Governor and Company of the Bank of Scotland ("the Bank").

2 Statutory information

Year of Incorporation	1985
Company Number	SC095134
Registered Office	Formerly: Broad House Broad Street Peterhead Aberdeenshire AB42 1HY Currently: Ernst & Young LLP George House 50 George Square Glasgow G2 1RR
Trading Address	Longside Road Mintlaw Peterhead AB42 5EJ
Directors	Ian Michael Nelson Paul Noble Janette Spence Taylor Leslie George Taylor
Company Secretary	Masson & Glennie, Solicitors

Share Capital

Class	Authorised		Issued & Fully paid	
	Number	£	Number	£
Ordinary	556,630	556,630	556,630	556,630

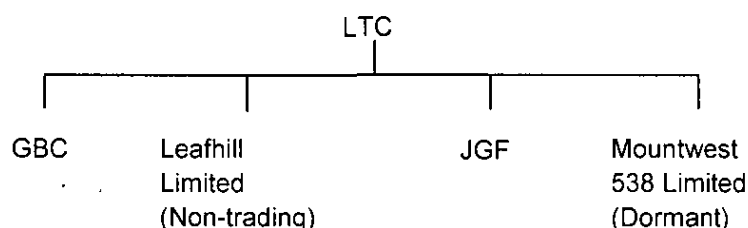
3 History of the Company

The Company was established over 25 years ago and operated a number of civil engineering arms including general contracting, quarrying and plant hire. The Company grew organically for some 15 years until the acquisition of the business and assets of the haulage company, Mintlaw Transport, which recently operated as a division of the Company. Shortly after, the Company moved to new premises and expanded into grain and animal feed storage due to the existence of warehouses and food silos on site.

In 1997 the Company purchased a demolition and asbestos disposal specialist company JGF.

In February 2008, the Company acquired GBC for £11.65m (£5.82m for assets and £5.83m for goodwill). This was partially funded by a new £6m term loan from the Bank. In addition, the Company's overdraft facility was increased at this time.

The group structure is shown below:



4 Recent financial information

Period year or period ended	Type audited / draft	Turnover £000	Gross profit £000	Net profit/(loss) £000	Net assets £000
8 months to 31 August 2010	Management	19,254	982	(991)	4,991
12 months to 31 December 2009	Management	24,316	3,989	(5,358)	6,176
12 months to 31 December 2008	Management	25,922	6,922	1,780	11,535

The Company submits consolidated group accounts for audit. No audited figures are available for the Company as a single entity. The above figures are therefore based on management account figures only and therefore have not been audited and may not be accurate.

5 Events leading up to the appointment of the Joint Receivers

During the course of 2009 there was a large decline in available contracts for ground works, and an associated pressure on margin on those contracts which were available, which appears to have significantly impacted on operations. Trading in the Group, except in the Mintlaw transport business, declined significantly throughout 2009 as a result of the economic climate and continued to do so in 2010.

The Group's bankers continued to support the Group whilst it investigated its options including a potential sale of GBC to an interested party. In the meantime, the directors of the Group commenced a redundancy consultation period with staff with the intention of reducing the workforce in line with the level of work currently available.

In December 2010, various actions were raised in court by a creditor of the Group and this included a petition to wind up the Company. A hearing was set for 7 January 2011.

In December 2010, the Group produced forecasts which indicated that even allowing for rationalisation of the Group a significant amount of additional funding, would be required in the next 2 months. Trading was projected to continue to be loss making. After investigating alternative sources of funding, the only remaining option was to secure a sale of GBC. However, the offer did not exceed the potential break up value of GBC and accordingly did not support the Group's funding requirement.

Consequently, on the 7 January 2011, the directors requested that the Bank appoint receivers to LTC and JGF and resolved to appoint administrators to GBC.

The Group employed a total of 217 employees at the date of appointment, 158 of which were employed by the Company.

6 Conduct of the receivership

Trading

Prior to our appointment the Company operated a number of civil engineering arms including general contracting, quarrying, haulage and plant hire. The Company also operated an animal feed and grain storage business. Over the previous two years, the majority of the Group's construction contract work had been undertaken by the Company despite GBC also operating in this area.

Due to the nature of this particular industry, the Company's contracts gave the other party the ability to determine the contracts upon our appointment. Our previous experience in this industry indicates that an inability to offer any meaningful warranty on work completed during the receivership period would have made continued trading extremely problematic. Given the Company's recent trading history, there was no reason to believe that the Joint Receivers would be able to trade at a profit. We fully expected that the contracts would be determined on insolvency and we therefore took the decision to cease trading this part of the business immediately upon appointment.

The quarrying division of the Company was used predominantly to support the construction contracting division of the business. The Company quarried materials from

a number of quarries around the Aberdeenshire area where short term leases were held and payments made on a royalties basis. Due to the concern about the potential revocation of various licences required for quarrying activities and the lack of suitable insurance cover as a result of the Joint Receivers' appointment, the decision was taken to cease trading of the quarrying arm with immediate effect on appointment.

Due to a lack of visibility of the profitability of the plant hire and haulage divisions and a lack of available funding, the decision was taken to cease trading on appointment. A number of haulage employees were retained to assist in the ingathering of the Group's assets, however shortly after the appointment of the Joint Administrators, the Office of the Traffic Commissioner revoked the Company's VOSA licence and the Company's vehicles had to cease operating on the Company's licence.

At an early stage of the Receivership, the Joint Receivers recognised there was value in continuing to trade the Company's animal feed and grain storage businesses although no haulage services could be provided due to the loss of the VOSA licence. The decision was taken to continue trading this part of the business due to animal welfare risks and potential interest from a number of parties to purchase the business and assets as a going concern.

Due to the nature of the Company's operations, there are a number of potential environmental issues. The Joint Receivers have been liaising with SEPA to ensure that they comply with any legal or regulatory requirements in this regard.

We have retained 17 employees to assist in gathering information and aid the continued trading of the animal feed and grain storage business. In total, 141 employees have been made redundant with 134 made redundant on the date of appointment. We worked closely with Job Centre Plus and Skills Development Scotland to ensure that employees received support during this difficult time.

Assets

As previously mentioned, many of the Company divisions ceased trading upon our appointment. Consequently, there has been limited interest in the various businesses as a going concern. We have received an offer for the business and assets of the animal feed division and we are currently progressing negotiations in relation to this offer. As a result of the limited interest we will be looking to realise the remaining assets of the Company on a break up basis.

Heritable Property

The Company's main assets are several freehold properties including land at Fetterangus, the Longbog Quarry at Newmachar and the office and storage facility at Mintlaw. We have instructed Shepherds to provide valuation and marketing advice on these properties with a view to marketing them as quickly as possible.

Plant and Machinery

Following our appointment we instructed Thainstones to act on our behalf in relation to the valuation and subsequent sale of the Company's plant and machinery. There was c£1,375k (book value) of assets subject to hire purchase at the date of appointment and the Joint Receivers have been in discussions with HP creditors to ensure the best

return is obtained from realisation of these assets. In addition, a number of assets are currently subject to Landlord's Hypothec claims.

There has been significant interest in the Group's plant and machinery and our agents have advised that maximum realisations will be achieved from a live sale. This is due to be held on 23 March 2011 at Thainstone Centre, Inverurie and by webcast.

Debtors

Upon appointment we instructed GAJA, an independent specialist, to review and negotiate payments of outstanding contract balances and collect debts on our behalf. The book value of the Company's debtors and WIP at the date of appointment was c£2,925. To date we have received c£966k in this regard.

Leases

The Company was a tenant on a number of properties including three quarries and an asbestos landfill site. In addition, the Company has the benefit of a 150 year grassum lease on a property in Peterhead. The Joint Receivers are investigating whether these leases have any realisable value.

7 Amounts due to secured creditor

Bank of Scotland plc, the Group's principal secured lender, has total indebtedness at 10 January 2011 of c.£4,219k. This is secured by a standard security over the property at Mintlaw and a floating charge over all the assets of the Company from time to time. As discussed earlier, the Company cross guarantees the Bank in relation to amounts owed across the Group.

Following the Company's purchase of the Longbog Quarry at Newmachar, the former owner was also granted a standard security over the site in light of deferred consideration due from the Company.

8 Preferential creditors

From the records available to us, we estimate that the amounts due to the preferential creditors are as follows:

Employees – arrears of wages	£58,000
Employees – arrears of holiday pay	£18,000
Pension scheme contributions	<u>£ 7,200</u>
	<u>£83,200</u>

The Joint Receivers believe that preferential creditors will be paid in full.

9 Ordinary creditors

It is not clear at this stage whether there will be sufficient funds after the asset realisations to make a distribution to the ordinary unsecured creditors. Creditors should note that they may recover VAT on supplies made providing that the debt is over six

months old and has been fully written off in their accounts. Full details of the process to effect such a reclaim are available from HMRC on request.

10 Statutory Statement of Affairs

In accordance with Section 66 of the Insolvency Act 1986, the Directors were requested to provide us with a Statement of Affairs of the Company ("the Statement") in the prescribed form. This was received and a summary of the Statement is shown at Appendix I to this report.

The Directors' estimate of the likely realisations from non charged assets would indicate that there will be sufficient funds to pay a dividend to ordinary unsecured creditors. We believe that the Director's estimated to realise figures are optimistic, particularly in relation to the heritable properties and debtor realisations. It should also be noted that the Statement doesn't take account of the costs of realisation. Consequently, the Joint Receivers do not believe that the amount estimated to be available to ordinary unsecured creditors per the Statement will be available.

11 Report on directors' conduct

In terms of the Company Directors Disqualification Act 1986, the Joint Receivers are required to prepare a report on those individuals who have been Directors or Shadow Directors of the Company in the three year period prior to our appointment. If any creditor is aware of any matter which they believe should be brought to our attention, then they should write to us giving appropriate details.

Appendices

- I. Statutory statement of affairs

C P Dempster
A J Davison
Joint Receivers

Appendix I. Directors Statement of Affairs

Les Taylor Contractors Limited
Summary of Director's Statement of Affairs
As at 7 January 2011

	<u>Book</u> <u>Value</u> (£)	<u>Directors</u> <u>Estimate</u> <u>to Realise</u> (£)
Assets specifically secured		
Heritable property - Mintlaw yard		1,600,000
Less: Amount due to secured creditors		(4,247,611)
Surplus / (Deficiency)		(2,647,611)
Heritable property - Longbog		1,000,000
Less: Amount due to secured creditors		(187,500)
Surplus / (Deficiency)		812,500
Plant and machinery		1,200,000
Less: Amount due to secured creditors		(723,747)
Surplus / (Deficiency)		476,253
Assets subject to a floating charge		
Heritable Property	256,000	400,000
Leasehold property	141,600	125,000
Plant, Machinery and Vehicles	1,842,054	1,800,000
Trade Debtors	2,925,028	1,954,323
Stock in Trade	65,000	65,000
Loans and advances	286,450	0
Furniture & Fittings	24,786	0
Investments other than Marketable Securities	12,900	12,900
Surplus from secured assets		1,288,753
Estimated assets available for preferential creditors		5,645,976
Preferential creditors		(74,460)
Estimated surplus as regards preferential creditors		5,571,516
Estimated prescribed part of net property		0
Estimate surplus available to floating chargeholder		5,571,516
Debts secured by floating charge		(2,647,611)
Estimated deficit after floating charge		2,923,905
Estimated prescribed part of net property		0
Total assets available to unsecured creditors		2,923,905
Unsecured creditors claims		(7,763,791)
Estimated deficiency as regards unsecured creditors		(4,839,886)