

Notice of Receiver's Report**Pursuant to Section 67(1) of the
Insolvency Act 1986****S67(1)**(a) Insert names of
persons to whom
notice is to be
given under
Section 67(1)

To (a) Registrar of Companies

For Official Use

Company No

SC193270

Insert name of
Company

Name of Company

First Motor Company Limited

Insert name(s) and
address(es) of
receiver(s)

We Nigel Ruddock and Matthew P Henderson
of Grant Thornton
95 Bothwell Street
Glasgow
G2 1HT

receiver(s) of the company attach a copy of our report to creditors and a
summary of the statement of affairs of the company.

Signed



Date

7th February 2003Presenter's name,
address and
reference (if any).

Grant Thornton
95 Bothwell Street
Glasgow
G2 7JZ

DDM/F10450/RRS/JF/9

For Official Use

Receivers Section

Post Room



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SA82T002

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COMPANIES HOUSE 20.2.03/1

FIRST MOTOR COMPANY LIMITED - IN RECEIVERSHIP
ELEANDER LIMITED - IN RECEIVERSHIP
WYLIES LIMITED - IN RECEIVERSHIP

Report to creditors pursuant to Section 67 of the Insolvency Act 1986

1 SECTION 67 (1) (A) - HISTORY AND EVENTS LEADING UP TO APPOINTMENT OF JOINT RECEIVERS

1.1 The business of First Motor Company Limited (FMCL) was formed following the merger of two established family owned businesses, Wylies Limited (Wylies) and Eleander Limited (Eleander), in 2000. Both businesses operated as Ford dealers predominately in the Glasgow area. The rationale was to create a stronger trading unit to compete in the highly competitive motor retail market. The two businesses were united under a new trading name, First Ford, whilst Eleander Limited became the main trading company. For the purposes of this report all three companies are referred to as "the Group".

1.2 A summary of the consolidated financial results for the business in the period since the merger is set out below:

	10 Months ended 31 Oct 2002 Mgt Acts £M	Year ended 31 Dec 2001 Draft £M	Year ended 31 Dec 2000 Audited £M
Turnover	77.76	90.30	98.31
Gross profit/(loss)	1.67	1.87	2.13
Net profit/(loss)	(2.87)	(1.69)	(3.66)
Net assets/(liabilities)	(3.82)	(0.93)	0.77

1.3 During 2002 the directors developed a restructuring plan that, in their view, would enable the business to realise the potential property development values of certain of its sites, allow time for relocation of businesses, and provide the group with financial resources to secure future trading. At the time of the receivers' appointment, the group had entered into contracts for the sale of two sites.

1.4 The Group experienced continuing and increasing losses which it was unable to control. This resulted in intense pressure on working capital and a deterioration in the position of the secured lenders. Accordingly, the Group commenced negotiations for the possible sale of the entire trading business to another motor dealer group.

- 1.5 However, in light of the level of losses the group was unable to complete a sale within the timescale afforded by its working capital position. Ultimately, the directors were unable to secure further on-going support from the main lenders to the Group and, following a request from the directors on 1 November 2002, Nigel Ruddock and Matthew Purdon Henderson of Grant Thornton were appointed Joint Receivers of FMCL, Eleander and Wylies.

2 SECTION 67 (1) (B) - DISPOSAL OF ASSETS

- 2.1 Immediately following the appointment of joint receivers it was decided, with the support of Ford, to continue to trade the business for a limited period to allow offers to be invited for the sale of the business as going concern.
- 2.2 The business was advertised for sale in the Financial Times on 5 November 2002 and information provided to a number of parties. We also continued discussions with the dealer group with whom the directors had been negotiating and this party was established as a preferred bidder. In early December this purchaser indicated they were withdrawing their interest in the business. Since then the receivers have and currently remain in discussions with a number of other interested parties both for the trading businesses and the property assets. The strategy is to realise the development values of the Group's properties and, at the same time, seek to sell the dealerships, which in some instances may need to re-locate.
- 2.3 Negotiations with the various parties are ongoing.

3 SECTION 67 (1) (C) - SECURED, FLOATING CHARGE AND PREFERENTIAL CREDITORS

Secured and Floating Charge Creditors

- 3.1 The debts due to the Secured and Floating Charge creditors may be summarised as follows:

	FMCL £000	Eleander £000	Total £000
Bank of Scotland	-	4,033	4,033
FCE Bank plc (FCE)	6,775	8,980	15,755
Wylies Automotive Services Limited	4,250	-	4,250
Total	11,025	13,013	24,038

- 3.2 The indebtedness to Bank of Scotland is secured by a first ranking Standard Security over the property at Netherton Road, Anniesland, Glasgow and a second ranking Standard Security over other properties owned by the group. Bank of Scotland also has a first ranking floating charge over all other assets of FMCL, Eleander and Wylies. Bank of Scotland has also been granted cross-guarantees by all three companies.

- 3.3 The indebtedness to FCE is secured by a first ranking Standard Security over the Group's properties except Anniesland and a second ranking Standard Security over the property at Anniesland. Under the terms of a Deed of Priority, £6.75m of the FCE debt is subordinated to the Bank of Scotland lending. FCE holds a second ranking floating charge over all other assets of the FMCL, Eleander and Wylies. Used car stocks have been assigned to FCE under the terms of Vehicle Stock Agreement. FCE has also been granted cross-guarantees by all three companies.
- 3.4 Wylies Automotive Services Limited holds a third ranking floating charge over all of the assets of FMCL.
- 3.5 It is currently estimated that there will be a full return to Bank of Scotland and a shortfall to FCE. There will be no return to Wylies Automotive Services Limited.

Preferential creditors

- 3.6 The preferential creditors of the Group may be summarised as follows:

	£000
Inland Revenue - PAYE / NIC	180
H M Customs & Excise - VAT (estimate)	1,500
Employees - Arrears of Wages	20
Pension contributions	18
Employees - Holiday pay	75
	<u>1,793</u>

- 4.1 It is estimated that there will be sufficient funds to pay preferential creditors in full.

4 **SECTION 67 (1) (D) - OUTCOME AS REGARDS UNSECURED CREDITORS**

- 4.1 As at the date of receivership, the claims of unsecured creditors are estimated in the sum of £1,653,609. Based upon current information, regrettably, there will be no funds available to meet the claims of unsecured creditors.

5 **OTHER MATTERS**

- 5.1 A Sworn Statement of Affairs for the Group on a consolidated basis has been received from the directors and copies of summary pages are attached. In our view, the directors' estimate of realisable values of the assets of each company will prove to be a little optimistic but otherwise we have no comments on the Statement.
- 5.2 A copy of the notice convening a meeting of creditors is attached. At the meeting, this report will be presented to creditors.
- 5.3 Please note that this meeting is purely formal and is held for the purposes of presenting this report. There is no need to attend unless you so wish.

Section 66(1) The Insolvency Act 1986

Form 5 (Scot)

Statement of Affairs

Pursuant to section 66(1) of the Insolvency Act 1986

Insert name of
the companyStatement as to the affairs of First Motor Company Limited as at the
1st November 2002, the date of the appointment of the Receiver.

Affidavit

This affidavit must be sworn/affirmed before a Notary Public, Justice of the Peace or Commissioner for Oaths or other person duly authorised to administer the oath, when you have completed the rest of this form.

We a) Alan L MacKenzie, Finance Director

Insert name(s) &
occupation(s) of
deponent(s)
insert full address

8 Roxburgh Drive, Mosshead, Bearsden, Glasgow G61 3LH

& b) Duncan Grant Fraser, Managing Director

The Rowans, 11 Lethington Road, Whitecraigs, Glasgow G46 6TA

& c) David Jackson Carlaw, Chairman

2 Otterburn Drive, Giffnock, Glasgow G46 6UJ

Insert date of
appointment of
receiver

do swear/affirm that the statement set out overleaf and the lists A to G annexed and signed as relative hereto are to the best of my/our knowledge and belief a full, true and complete statement as to the affairs of the above named company as at 1 November 2002 the date of appointment of the receiver.

Sworn/affirmed at Glasgow

Date 20th December 2002

Signature(s)

Before me

(Person administering the oath/affirmation)

NOTARY PUBLIC

The person administering the oath/affirmation is particularly requested, before swearing/affirming the affidavit, to make sure that the full name, address and description of the Deponents are stated, and to initial any crossings-out or other alterations in the printed form.

STATEMENT as to affairs of the company on the

		Estimated realisable value
ASSETS		£
Assets not specifically secured (as per List "A") page 3	8,952,509	6,024,800
Assets specifically secured (as per List "B")		
Estimated realisable value page 10	15,522,461	
Less: Amount due to secured creditors page 10	9,888,323	
Estimated surplus		5,634,138
Estimated total assets available for preferential creditors, holders of floating charges and unsecured creditors		11,658,938
LIABILITIES		
Preferential creditors (as per List "C") page 12		1,601,317
Estimated balance of assets available for: holders of floating charges and unsecured creditors		10,057,621
Holders of floating charges (as per List "D") page 13		12,350,525
Estimated surplus/deficiency as regards holders of floating charges		-2,292,904
Unsecured creditors:		
Trade accounts (as per List "E") page 14		1,635,465
Bills payable (as per List "F") page 15		0
Contingent or other liabilities (as per List "G") page 16		2,960,692
Total unsecured creditors		4,596,157
Estimated surplus/deficiency as regards creditors		-6,889,061
Issued and called-up capital		4,615,887
Estimated surplus/deficiency as regards members		-4,615,887

These figures must be read subject to the following:

- i there is no unpaid capital liable to be called up*
- ii the nominal amount of unpaid capital to be called up is £ _____ estimated to produce
£ _____ which is/is not charged in favour of the holder of the floating charges.*

(*Delete as appropriate)

The estimates are subject to expenses of the administration and to any surplus or deficiency on trading pending realisation of the assets.

Signed _____

Date

20/12/02

Statement of Affairs List 'A'

Assets not Specifically Secured

Particulars of assets	Book Value £	Estimated to produce £
Balance at bank	0	0
Cash in Hand	8,352	8,352
Marketable securities page 4	0	0
Bills receivable page 5	0	0
Trade debtors page 6	4,556,288	4,357,010
Loans and advances page 7	1,389,929	0
Unpaid calls page 8	0	0
New Stock in trade ex VSA	414,960	414,960
Used Stock in trade ex VSA ex unit stocking	687,406	618,666
less Motability t'ferred to page 10	-252,550	-252,550
Other Parts & Sundry Stock	672,503	605,253
Work in progress	50,973	50,973
Land and Buildings	0	0
Plant and machinery	488,044	97,609
Office Furniture & Equipment	279,773	55,955
Computer equipment	342,866	68,573
Patents, trade marks, etc	0	0
Investments other than marketable securities	0	0
Other property - refinancing costs capitalised	313,965	0
Total to page 2	8,952,509	6,024,800

Signed

20/12/02