

<b>To: ECONOMIC DEVELOPMENT COMMITTEE</b>		<b>Subject:</b>  <b>NORTH LANARKSHIRE BUSINESS LOANS - APPLICATION REQUIRING COMMITTEE APPROVAL</b>
<b>From: DIRECTOR OF PLANNING AND DEVELOPMENT</b>		
<b>Date: 9 September 1996</b>	<b>Ref: EB/REP.0</b>	

**Purpose**

To seek committee approval for a loan application under the North Lanarkshire Business Loans scheme in conjunction with the West of Scotland Loans Fund.

**History****RTL WINDOWS LIMITED (formerly WA Windows Limited)**

The proposal has resulted from the appointment of a receiver of WA Wilson Construction Limited and its wholly owned subsidiary WA Windows Limited.

WA Wilson Construction Limited was a long established company which developed into general building works and civil construction works. As a result of the downturn in both public and private sector building/construction programmes along with an over-supply of contractors, resulted in the company incurring losses which could not be sustained.

The wholly owned subsidiary company WA Windows Ltd was set up in October 1993 to provide a quality window manufacturing facility for the parent company, originally to manufacture solely for the parent company but developed into the general commercial supply market. The company has made inroads into the market and gained a good reputation amongst local builders and joiners. The manager has taken this company into profit with steadily increasing turnover within 2 years, by targeting eg local government contracts..

The manager of WA Windows Limited has prepared a proposal to buy the business from the Receivers and has put together a funding package from both public and private sectors as well as commitment from himself and his two Shareholders. He proposes to purchase the property and fixed assets of the company and will trade as RTL windows.

## **Proposal**

### **Summary of Funding Requirements and Source**

	<b>£</b>
Directors' input	20,000
British Steel (Industry) Ltd	25,000
Lanarkshire Development Agency	25,000
Bank mortgage	100,000
Bank overdraft	25,000
North Lanarkshire Business Loan	<u>30,000</u>
<b>Total</b>	<b><u>230,000</u></b>

### **Production Facilities**

The production facilities are set up to manufacture a wide range of windows and doors, with specific skills required to enable the manufacturing processes to be properly performed. The plant and machinery was installed in the factory in April 1994 and was purchased new. There is sufficient capacity within the existing machinery to sustain the sales forecast for the next two years.

### **Market Overview**

The company will be operating solely within one particular area - the manufacture of double glazed windows and doors for commercial supply, excluding any installation, targeting one particular segment, local councils, for the supply of both replacement windows and doors.

WA Windows Ltd had been on Councils' approved lists, and the proposer has consulted with each council that utilised WA Windows of the pending management buy-out, and has had very positive responses that he will be placed on the approved lists. He has built up a close working relationship with various councils and local builders, and is now being approached by various councils to tender for work. He has provided letters of intent from customers who intend to support the new venture.

The proposer has analysed the main factors that enabled WA Windows Limited to impact the market and the new company will continue to build on the reputation. The factors are: good quality product, timeous delivery, competitive pricing structure and responsiveness to any on-site problems.

### **Competition**

The proposer is fully conversant with the competition, their products and services and their relative strengths and weaknesses.

### **Marketing and Promotion**

The proposer has identified the need to maintain a high market profile and to liaise and work closely with local builders and local Council technical services departments, and will continue to do so within the new company.

Other promotional aids which will be considered are, attendance at trade shows, press release of the initial launch of the company, trade journal insertions and on-site display board advertising.

### **Management**

All operational aspects of the business will be adequately covered led by Mr Low, Director who will carry out the functional roles of general management, quality control, sales/customer liaison, marketing and promotion, finance, personnel and material purchasing. Other key personnel have relevant skills to carry out roles in production control, material purchasing, stock control, planning/estimating, maintenance and production supervision.

The proposer has had five years experience in management positions within the glass industry, preceded by consultancy, manufacturing and production experience in other manufacturing industries.

There is the potential for the creation of 16 jobs initially, and Mr Low would actively recruit staff who were paid off by the Receiver .

### **Finance**

The figure produced by the company confirm the viability of the business and projections shown for the first two years trading of the new company are conservative and based on assumptions from the growth of the previous company and from discussions held between the proposer and customers.

### **Recommendation**

The officers having appraised the proposal and consulted with North Lanarkshire Council Legal Department recommend that this loan application for the sum of £30,000 be approved, subject to the company meeting the necessary conditions required by the Economic Development Unit and Legal Department

**Stan Cook**  
Director of Planning and Development

For further information contact Gordon Smith, Head of Economic Development and Property.