
From: Luke VAN BEEK [REDACTED]
Sent: 13 December 2018 18:47
To: [REDACTED] McAllan M (Mary)
Subject: Report on Recent Visit
Attachments: Quarterly Review Report 13 Dec 18 V7.docx; Personal observations Dec 18 V2.docx

I attach my most recent report on the situation in FMEL with Ferries 801 and 802. It speaks for itself but the cash flow challenge has produced, at least, a 3 month slip to the programme. The current significant uncertainties mean that it is not possible to produce a revised programme now. As these are resolved a new programme will be produced and I recommend a further review in late January. I have briefed [REDACTED] by telephone, on the main findings of this report.

I enclose a second document (personal observations) which is more sensitive.

I am available to discuss any aspect of either document.

yours

Luke

Luke van Beek CBE
Vatis Ltd
[REDACTED]

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Personal Thoughts on December Visit

Future Work

FMEL has secured further orders (Hover Barge, 21m & 26m workboats total value [REDACTED] however this compounds the cash flow challenge particularly post April because working capital is required before any payments are expected..

Publishing of accounts

[REDACTED] expects to publish the 2016 accounts within a week. They will show a significant loss and an inevitable consequence of this will be that suppliers will demand payment of outstanding bills. They are also likely to demand a revision to their payment terms ([REDACTED] reduced to [REDACTED] days, up front payments)

[REDACTED]'s view on loan

[REDACTED] is clearly extremely frustrated by the situation he finds himself in. Whilst he acknowledges that [REDACTED] he believes he was given assurances that the loan would be forthcoming before now. He is concerned about morale amongst both his workforce and his senior management.

Legal challenge

My understanding is that the report FMEL/CBC have been waiting for is complete and publishing is imminent. I encouraged him to formally register a legal case. He intends to discuss this with Jim McCall.

Ongoing Cash Flow Concerns

As outlined in my December report the current cash flow challenge will re-emerge in April. The slip to the milestone payment associated with 801 handover and the need for working capital for new work all compound this problem.

CALMAC Position

My meeting with the CEO of CALMAC (Dermot present) reinforced a number of my views. [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

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