

# G

## Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

# 155(6)b

Please do not  
write in this  
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

To the Registrar of Companies

For official use

Company number

2666866

Note  
Please read the notes  
on page 3 before  
completing this form.

Name of company

\* Avonside Group Limited

\*insert full name  
of company

†/We ☒ See Annexure 1

Ø insert names(s) and  
addresses(es) of all  
the directors

† delete as  
appropriate

~~the sole director~~ {all the directors} † of the above company (hereinafter called 'this company') do  
solemnly and sincerely declare that:

§ delete whichever  
is inappropriate

The business of this company is:

- (a) ~~that of a [recognised bank] [licensed institution]~~ † within the meaning of the Banking Act 1979§  
(b) ~~that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on~~  
~~insurance business in the United Kingdom~~§  
(c) something other than the above§

This company is ~~the~~ {a} holding company of\* Clydesdale Roofing Supplies (Leyland) Limited  
(company number 1601297) ("the Target Subsidiary") which is  
proposing to give financial assistance in connection with the acquisition of shares  
in {this company} {

~~the holding company of this company.}~~§

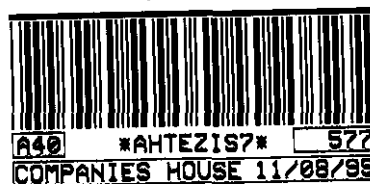
Presenter's name address and  
reference (if any): 136No32/3w3

Kent Jones and Done  
Churchill House  
Regent Road  
Stoke on Trent  
ST1 3RQ

For official Use

General Section

Post Room



The assistance is for the purpose of ~~[that acquisition]~~ [reducing or discharging a liability incurred for the purpose of that acquisition.]†(note 1)

Please do not  
write in  
this margin

The number and class of the shares acquired or to be acquired is: 40,701,789

25 pence ordinary shares in the capital of Avonside Group Limited

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

This assistance is to be given to: (note 2) Novaside Limited (company number  
3717605) whose registered office is at 20 Bedfordbury, London, WC2N 4BL  
("the Purchaser")

The assistance will take the form of:

See Annexure 2

The person who ~~[has acquired]~~ ~~[will acquire]~~† the shares is:  
Novaside Limited

† delete as appropriate

The principal terms on which the assistance will be given are:

See Annexure 3

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is NIL

The amount of cash to be transferred to the person assisted is £ 1,120,000

The value of any asset to be transferred to the person assisted is £ NIL

Please do not write  
in this margin.

The date on which the assistance is to be given is within 8 weeks of the date hereof 19     

Please complete  
legibly, preferably in  
black type, or bold  
black lettering

~~If~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

\*delete either (a) or  
(b) as appropriate

(a) ~~If~~We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]\* (note 3)

~~(b) It is intended to commence the winding-up of this company within 12 months of that date, and~~  
~~If~~We have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up]\* (note 3)

And ~~If~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Leigh in the  
County of Greater Manchester

Declarant(s) to sign below

the 3rd day of August  
one thousand nine hundred  
and

ninety nine  
before me K. Baker

A Commissioner for Oaths, or Notary Public, or  
Justice of the Peace, or Solicitor having the powers  
conferred on a Commissioner for Oaths

## Notes

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form

## Avonside Group Limited

annexures to Form 155(6)b

annexure 1

name: Richard Craig Alan Slater

address: Timbers  
The Spinney  
Springfield Lane  
Marford  
Clwyd  
LL12 8TG



KB

name: Ronald Luther Desmond Phillips

address: 3 Prescott Green  
Aughton  
Ormskirk  
Lancashire  
L38 4US



KB

## **Avonside Group Limited**

annexures to Form 155(6)b

annexure 2

All capitalised items in this annexure 2 shall have the meanings given to them in annexure 4.

### **form of assistance**

The assistance will take the form of the execution by the Target Subsidiary of the following documentation (as the same may be amended, varied, supplemented or substituted from time to time) and the Target Subsidiary complying with and fulfilling its obligations thereunder:-

1. the Guarantee, pursuant to which the Target Subsidiary guarantees payment to the Bank on demand of all liabilities when and as such liabilities become due and payable from time to time of the Purchaser and each of the Group Companies to the Bank, including, without limitation the liabilities and obligations of the Purchaser to the Bank under, or as contemplated by, the Credit Agreement;
2. the Mortgage Debenture, pursuant to which the Target Subsidiary covenants to discharge when due and payable all of its moneys obligations and liabilities from time to time to the Bank and as continuing security for the discharge of such liabilities and obligations (including without limit, the Guarantee Liabilities) the Target Subsidiary grants to the Bank fixed and floating charges over all the property, assets and undertaking of the Target Subsidiary;
3. the LNF Guarantee, pursuant to which the Target Subsidiary guarantees payment to Lombard Factors on demand of all liabilities

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1  
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when and as such liabilities become due and payable from time to time of the Purchaser and each of the other Group Companies to Lombard Factors, including, without limitation the liabilities and obligations of Westco Building Components Limited to Lombard Factors under, or as contemplated by, the Factoring Agreement;

4. the LNF Mortgage Debenture, pursuant to which the Target Subsidiary covenants to discharge when due and payable all of its moneys obligations and liabilities from time to time to Lombard Factors and as continuing security for the discharge of such liabilities and obligations (including without limit, the LNF Guarantee Liabilities) the Target Subsidiary grants to Lombard Factors fixed and floating charges over all the property, assets and undertaking of the Target Subsidiary;
5. the LND Guarantee, pursuant to which the Target Subsidiary guarantees payment to Lombard Discounting on demand of all liabilities when and as such liabilities become due and payable from time to time of the Purchaser and each of the other Group Companies to Lombard Discounting, including, without limitation the liabilities and obligations of Westco Building Components Limited and Clydesdale Roofing Supplies (Leyland) Limited to Lombard Discounting under, or as contemplated by, the Invoice Discounting Agreements;
6. the LND Mortgage Debenture, pursuant to which the Target Subsidiary covenants to discharge when due and payable all of its moneys obligations and liabilities from time to time to Lombard Discounting and as continuing security for the discharge of such liabilities and obligations (including without limit, the LND Guarantee Liabilities) the Target Subsidiary grants to Lombard Discounting fixed and floating charges over all the property, assets and undertaking of the Target Subsidiary;

7. the Invoice Discounting Agreement, pursuant to which the Target Subsidiary will, inter alia, sell, assign or transfer the book debts of the Target Subsidiary specified in that agreement to Lombard Discounting, during the period and for the consideration and facilities specified therein, and which consideration and facilities the Target Subsidiary proposes to use, inter alia, to assist Novaside to fund the repayment of sums due by Novaside under the Novaside Facilities;
8. the Intra Group Loan Agreement, pursuant to the terms of which the Target Subsidiary will make loan facilities available to the Purchaser for the purpose of the Purchaser repaying sums owing by the Purchaser to the Bank under the Credit Agreement;

it being noted that the Facilities and the Lombard Facilities are made available for the purpose of, or may be or have been utilised in respect of, the Acquisition.

## **Avonside Group Limited**

annexures to Form 155(6)b

annexure 3

All capitalised items in this annexure 3 shall have the meanings given to them in annexure 4.

### **terms on which assistance given**

The principal terms on which the assistance will be given are:

#### **the Guarantee**

1. under the terms of the Guarantee:
  - 1.1 the Target Subsidiary guarantees payment to the Bank on demand of all liabilities when and as such liabilities become due and payable (in whatever currency) of each and any of the Purchaser and the Group Companies to the Bank howsoever arising whether present future actual and/or contingent and whether incurred solely severally and/or jointly and as principal or surety and all legal and other costs and expenses (on a full indemnity basis) howsoever incurred by the Bank in connection therewith together with all interest (whether before or after judgment) and all of the Bank's costs and expenses;
  - 1.2 the Bank may without giving notice to or obtaining the consent of the Target Subsidiary and without affecting the Target Subsidiary's liability renew, vary or determine any accommodation given to the Purchaser or any of the Group Companies and hold over renew modify or release any security or guarantee held from the Purchaser or any of the Group Companies and grant time or indulgence to or compound with the Purchaser or any Group Company;



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- 1.3 the Guarantee shall not be discharged nor shall the Target Subsidiary's liability under it be affected by anything which would not have discharged or affected the Target Subsidiary's liability if the Target Subsidiary had been a principal debtor to the Bank instead of a guarantor;
- 1.4 the guarantee is in addition to any other guarantee or security now or hereafter held by the Bank in respect of the Purchaser or any of the Group Companies' obligations and liabilities;
- 1.5 the Bank shall have a lien on all securities or other property of the Target Subsidiary held by the Bank and the Bank shall be entitled to set off (after as well as before demand) against any credit balance on any account of the Target Subsidiary with the Bank and against any interest accruing thereon any liabilities of the Target Subsidiary to the Bank whatsoever (whether arising thereunder or otherwise) and if the liability or any part thereof is in a different currency from a credit balance against which the Bank seeks to set it off the Bank shall be entitled to utilise currency of the account in credit for the purchase at its spot rate of exchange of an amount in the currency of the liability and also to pay out of the credit balance any additional sum which the Bank may be required to pay for such currency;
- 1.6 the guarantee shall not be affected by any fluctuation in or intermediate discharge of the Purchaser or any of the Group Companies' obligations and liabilities and until such liabilities have been discharged in full the Target Subsidiary shall not be entitled to share in any security held or money received by the Bank on account of such liabilities or to stand in the place of the Bank in respect of any security or money nor until such liabilities have been discharged in full shall the Target Subsidiary take any step to enforce any right or claim against the Purchaser or any of

the Group Companies in respect of any moneys paid by the Target Subsidiary to the Bank thereunder or have or exercise any rights as surety in competition with the Bank;

- 1.7 the Guarantee shall not be discharged nor the Target Subsidiary's liability affected by reason of any failure of or irregularity, defect or informality in any security given by the Purchaser or any of the Group Companies nor by any legal limitation, bar, or restriction, dissolution, disability, incapacity or want of any borrowing powers of the Purchaser or any Group Company or want of authority of any person appearing to be acting for the Purchaser or any Group Company or by any supervening matters rendering the performance of the obligations of the Purchaser or any Group Company illegal in any jurisdiction;
- 1.8 any settlement, discharge or release between the Target Subsidiary and the Bank shall be conditional upon no security or payment to the Bank by the Purchaser or any Group Company or any other person being avoided or reduced for any reason and the Bank shall be entitled to recover the value or amount of any such security or payment from the Target Subsidiary subsequently as if such settlement, discharge or release had not occurred;

### **the Mortgage Debenture**

- 2.1 under the terms of the Mortgage Debenture, the Target Subsidiary covenants to discharge when due and payable all of the Target Subsidiary moneys obligations and liabilities to the Bank of any kind (whether present or future, actual or contingent) which at the date of the Mortgage Debenture or at any time thereafter may be or become due owing or incurred by the Target Subsidiary to the Bank on any account or otherwise howsoever (whether incurred solely or jointly and whether as principal or surety) together with interest and other bank

charges, costs and expenses and as continuing security for the discharge of such obligations and liabilities with full title guarantee charges to the Bank:

- 2.1:1 by way of legal mortgage all the freehold and leasehold property referred to in the Schedule to the Mortgage Debenture and the proceeds of sale thereof;
- 2.1:2 by way of specific equitable charge all estates or interests in any freehold and leasehold property (except (a) the legally mortgaged property and (b) other than where the Target Subsidiary has given the Bank written notice that the relevant leasehold property should be subject to this charge, any leasehold property in respect of which there is a restriction or prohibition on creating a fixed charge and the relevant landlord has not consented to the granting of the Mortgage Debenture) at the date of the Mortgage Debenture and at any time during the continuance of the security created by the Mortgage Debenture belonging to or charged to the Target Subsidiary and the proceeds of sale thereof but excluding the property charged by paragraph 2.1:1 above;
- 2.1:3 by way of specific charge all plant, machinery, vehicles, computers and office and other equipment both present and future (excluding all stock in trade) and the full benefit of all warranties and maintenance contracts for any of the same;
- 2.1:4 by way of specific charge all stocks shares and other securities at the date of the Mortgage Debenture at any time during the continuance of the security created thereby belonging to the Target Subsidiary either in or issued by any subsidiary of the Target Subsidiary or any other company and all dividends and other rights in relation thereto;
- 2.1:5 by way of specific charge all book debts and other debts (including without limitation rents) at the date of the Mortgage Debenture and from time to time owing to the Target Subsidiary;

- 2.1:6 by way of specific charge its goodwill and the benefit of any licences and all patents patent applications inventions trade marks trade names registered designs copyrights know-how and any other intellectual property rights;
- 2.1:7 by way of floating charge its undertaking and all its property assets and rights of the Target Subsidiary present and/or future including those for the time being charged by way of specific charge pursuant to the Mortgage Debenture if and to the extent that those charges shall fail as specific charges but without prejudice to any such specific charges as shall continue to be effective;
- 2.2 the security from time to time constituted by the Mortgage Debenture shall be in addition to and independent of any other security which the Bank may at any time hold over all or any part of the assets of the Target Subsidiary in respect of all or any part of the obligations and liabilities covenanted to be paid and no such prior security held by the Bank shall merge in the security created by the Mortgage Debenture;

### **the LNF Guarantee**

3. under the terms of the LNF Guarantee:
- 3.1 the Target Subsidiary guarantees payment to Lombard Factors on demand of all liabilities when and as such liabilities become due and payable (in whatever currency) of each and any of the Purchaser and the Group Companies to Lombard Factors howsoever arising whether present future actual and/or contingent and whether incurred solely severally and/or jointly and as principal or surety and all legal and other costs and expenses (on a full indemnity basis) howsoever incurred by Lombard Factors in connection therewith together with all interest (whether before or after judgment) and all of Lombard Factors costs and expenses;

- 3.2 Lombard Factors may without giving notice to or obtaining the consent of the Target Subsidiary and without affecting the Target Subsidiary's liability renew, vary or determine any accommodation given to the Purchaser or any of the Group Companies and hold over renew modify or release any security or guarantee held from the Purchaser or any of the Group Companies and grant time or indulgence to or compound with the Purchaser or any Group Company;
- 3.3 the LNF Guarantee shall not be discharged nor shall the Target Subsidiary's liability under it be affected by anything which would not have discharged or affected the Target Subsidiary's liability if the Target Subsidiary had been a principal debtor to Lombard Factors instead of a guarantor;
- 3.4 the guarantee is in addition to any other guarantee or security now or hereafter held by Lombard Factors in respect of the Purchaser or any of the Group Companies obligations and liabilities;
- 3.5 Lombard Factors shall have a lien on all securities or other property of the Target Subsidiary held by Lombard Factors and Lombard Factors shall be entitled to set off (after as well as before demand) against any credit balance on any account of the Target Subsidiary with Lombard Factors and against any interest accruing thereon any liabilities of the Target Subsidiary to Lombard Factors whatsoever (whether arising thereunder or otherwise) and if the liability or any part thereof is in a different currency from a credit balance against which Lombard Factors seeks to set it off Lombard Factors shall be entitled to utilise currency of the account in credit for the purchase at its spot rate of exchange of an amount in the currency of the liability and also to pay out of the

credit balance any additional sum which Lombard Factors may be required to pay for such currency;

- 3.6 the guarantee shall not be affected by any fluctuation in or intermediate discharge of the Purchaser or any of the Group Companies obligations and liabilities and until such liabilities have been discharged in full the Target Subsidiary shall not be entitled to share in any security held or money received by Lombard Factors on account of such liabilities or to stand in the place of Lombard Factors in respect of any security or money nor until such liabilities have been discharged in full shall the Target Subsidiary take any step to enforce any right or claim against the Purchaser or any of the Group Companies in respect of any moneys paid by the Target Subsidiary to Lombard Factors thereunder or have or exercise any rights as surety in competition with Lombard Factors;
- 3.7 the LNF Guarantee shall not be discharged nor the Target Subsidiary's liability affected by reason of any failure of or irregularity, defect or informality in any security given by the Purchaser or any of the Group Companies nor by any legal limitation, bar, or restriction, dissolution, disability, incapacity or want of any borrowing powers of the Purchaser or any Group Company or want of authority of any person appearing to be acting for the Purchaser or any Group Company or by any supervening matters rendering the performance of the obligations of the Purchaser or any Group Company illegal in any jurisdiction;
- 3.8 any settlement, discharge or release between the Target Subsidiary and Lombard Factors shall be conditional upon no security or payment to Lombard Factors by the Purchaser or any Group Companies or any other person being avoided or reduced for any reason and Lombard Factors shall be entitled to recover the value or amount of any such

security or payment from the Target Subsidiary subsequently as if such settlement, discharge or release had not occurred;

### **the LNF Mortgage Debenture**

- 4.1 under the terms of the LNF Mortgage Debenture, the Target Subsidiary covenants to discharge when due and payable all of the Target Subsidiary's moneys obligations and liabilities to Lombard Factors of any kind (whether present or future, actual or contingent) which at the date of the LNF Mortgage Debenture or at any time thereafter may be or become due owing or incurred by the Target Subsidiary to Lombard Factors on any account or otherwise howsoever (whether incurred solely or jointly and whether as principal or surety) together with interest and other bank charges, costs and expenses and as continuing security for the discharge of such obligations and liabilities with full title guarantee charges to Lombard Factors:
- 4.1:1 by way of legal mortgage all the freehold and leasehold property referred to in the schedule to the LNF Mortgage Debenture and the proceeds of sale thereof;
- 4.1:2 by way of specific equitable charge all estates or interests in any freehold and leasehold property (except (a) the legally mortgaged property and (b) other than where the Target Subsidiary has given Lombard Factors written notice that the relevant leasehold property should be subject to this charge, any leasehold property in respect of which there is a restriction or prohibition on creating a fixed charge and the relevant landlord has not consented to the granting of the LNF Mortgage Debenture) at the date of the LNF Mortgage Debenture and at any time during the continuance of the security created by the LNF Mortgage Debenture belonging to or charged to the Target Subsidiary and the proceeds of sale thereof but excluding the property charged by paragraph 4.1:1 above;

- 4.1:3 by way of specific charge all plant, machinery, vehicles, computers and office and other equipment both present and future (excluding all stock in trade) and the full benefit of all warranties and maintenance contracts for any of the same;
- 4.1:4 by way of specific charge all stocks shares and other securities at the date of the LNF Mortgage Debenture at any time during the continuance of the security created thereby belonging to the Target Subsidiary either in or issued by any subsidiary of the Target Subsidiary or any other Target Subsidiary and all dividends and other rights in relation thereto;
- 4.1:5 by way of specific charge all book debts and other debts (including without limitation rents) at the date of the LNF Mortgage Debenture and from time to time owing to the Target Subsidiary;
- 4.1:6 by way of specific charge its goodwill and the benefit of any licences and all patents patent applications inventions trade marks trade names registered designs copyrights know-how and any other intellectual property rights;
- 4.1:7 by way of floating charge its undertaking and all its property assets and rights of the Target Subsidiary present and/or future including those for the time being charged by way of specific charge pursuant to the LNF Mortgage Debenture if and to the extent that those charges shall fail as specific charges but without prejudice to any such specific charges as shall continue to be effective;
- 4.2 the security from time to time constituted by the LNF Mortgage Debenture shall be in addition to and independent of any other security which Lombard Factors may at any time hold over all or any part of the assets of the Target Subsidiary in respect of all or any part of the obligations and liabilities covenanted to be paid and no such prior security held by Lombard Factors shall merge in the security created by the LNF Mortgage Debenture;

## **the LND Guarantee**

5. under the terms of the LND Guarantee:
  - 5.1 the Target Subsidiary guarantees payment to Lombard Discounting on demand of all liabilities when and as such liabilities become due and payable (in whatever currency) of each and any of the Purchaser and the Group Companies to Lombard Discounting howsoever arising whether present future actual and/or contingent and whether incurred solely severally and/or jointly and as principal or surety and all legal and other costs and expenses (on a full indemnity basis) howsoever incurred by Lombard Discounting in connection therewith together with all interest (whether before or after judgment) and all of Lombard Discounting's costs and expenses;
  - 5.2 Lombard Discounting may without giving notice to or obtaining the consent of the Target Subsidiary and without affecting the Target Subsidiary's liability renew, vary or determine any accommodation given to the Purchaser or any of the Group Companies and hold over renew modify or release any security or guarantee held from the Purchaser or any of the Group Companies and grant time or indulgence to or compound with the Purchaser or any Group Company;
  - 5.3 the LND Guarantee shall not be discharged nor shall the Target Subsidiary's liability under it be affected by anything which would not have discharged or affected the Target Subsidiary's liability if the Target Subsidiary had been a principal debtor to Lombard Discounting instead of a guarantor;
  - 5.4 the guarantee is in addition to any other guarantee or security now or hereafter held by Lombard Discounting in respect of the Purchaser or any of the Group Companies obligations and liabilities;

- 5.5 Lombard Discounting shall have a lien on all securities or other property of the Target Subsidiary held by Lombard Discounting and Lombard Discounting shall be entitled to set off (after as well as before demand) against any credit balance on any account of the Target Subsidiary with Lombard Discounting and against any interest accruing thereon any liabilities of the Target Subsidiary to Lombard Discounting whatsoever (whether arising thereunder or otherwise) and if the liability or any part thereof is in a different currency from a credit balance against which Lombard Discounting seeks to set it off Lombard Discounting shall be entitled to utilise currency of the account in credit for the purchase at its spot rate of exchange of an amount in the currency of the liability and also to pay out of the credit balance any additional sum which Lombard Discounting may be required to pay for such currency;
- 5.6 the guarantee shall not be affected by any fluctuation in or intermediate discharge of the Purchaser or any of the Group Companies obligations and liabilities and until such liabilities have been discharged in full the Target Subsidiary shall not be entitled to share in any security held or money received by Lombard Discounting on account of such liabilities or to stand in the place of Lombard Discounting in respect of any security or money nor until such liabilities have been discharged in full shall the Target Subsidiary take any step to enforce any right or claim against the Purchaser or any of the Group Companies in respect of any moneys paid by the Target Subsidiary to Lombard Discounting thereunder or have or exercise any rights as surety in competition with Lombard Discounting;
- 5.7 the LND Guarantee shall not be discharged nor the Target Subsidiary's liability affected by reason of any failure of or irregularity, defect or informality in any security given by the Purchaser or any of the Group

Companies nor by any legal limitation, bar, or restriction, dissolution, disability, incapacity or want of any borrowing powers of the Purchaser or any Group Company or want of authority of any person appearing to be acting for the Purchaser or any Group Company or by any supervening matters rendering the performance of the obligations of the Purchaser or any Group Company illegal in any jurisdiction;

- 5.8 any settlement, discharge or release between the Target Subsidiary and Lombard Discounting shall be conditional upon no security or payment to Lombard Discounting by the Purchaser or any Group Companies or any other person being avoided or reduced for any reason and Lombard Discounting shall be entitled to recover the value or amount of any such security or payment from the Target Subsidiary subsequently as if such settlement, discharge or release had not occurred;

### **the LND Mortgage Debenture**

- 6.1 under the terms of the LND Mortgage Debenture, the Target Subsidiary covenants to discharge when due and payable all of the Target Subsidiary's moneys obligations and liabilities to Lombard Discounting of any kind (whether present or future, actual or contingent) which at the date of the LND Mortgage Debenture or at any time thereafter may be or become due owing or incurred by the Target Subsidiary to Lombard Discounting on any account or otherwise howsoever (whether incurred solely or jointly and whether as principal or surety) together with interest and other bank charges, costs and expenses and as continuing security for the discharge of such obligations and liabilities with full title guarantee charges to Lombard Discounting:
- 6.1:1 by way of legal mortgage all the freehold and leasehold property referred to in the schedule to the LND Mortgage Debenture and the proceeds of sale thereof;

- 6.1:2 by way of specific equitable charge all estates or interests in any freehold and leasehold property (except (a) the legally mortgaged property and (b) other than where the Target Subsidiary has given Lombard Discounting written notice that the relevant leasehold property should be subject to this charge, any leasehold property in respect of which there is a restriction or prohibition on creating a fixed charge and the relevant landlord has not consented to the granting of the LND Mortgage Debenture) at the date of the LND Mortgage Debenture and at any time during the continuance of the security created by the LND Mortgage Debenture belonging to or charged to the Target Subsidiary and the proceeds of sale thereof but excluding the property charged by paragraph 6.1:1 above;
- 6.1:3 by way of specific charge all plant, machinery, vehicles, computers and office and other equipment both present and future (excluding all stock in trade) and the full benefit of all warranties and maintenance contracts for any of the same;
- 6.1:4 by way of specific charge all stocks shares and other securities at the date of the LND Mortgage Debenture at any time during the continuance of the security created thereby belonging to the Target Subsidiary either in or issued by any subsidiary of the Target Subsidiary or any other Target Subsidiary and all dividends and other rights in relation thereto;
- 6.1:5 by way of specific charge all book debts and other debts (including without limitation rents) at the date of the LND Mortgage Debenture and from time to time owing to the Target Subsidiary;
- 6.1:6 by way of specific charge its goodwill and the benefit of any licences and all patents patent applications inventions trade marks trade names registered designs copyrights know-how and any other intellectual property rights;
- 6.1:7 by way of floating charge its undertaking and all its property assets and rights of the Target Subsidiary present and/or future including those for

the time being charged by way of specific charge pursuant to the LND Mortgage Debenture if and to the extent that those charges shall fail as specific charges but without prejudice to any such specific charges as shall continue to be effective;

- 6.2 the security from time to time constituted by the LND Mortgage Debenture shall be in addition to and independent of any other security which Lombard Discounting may at any time hold over all or any part of the assets of the Target Subsidiary in respect of all or any part of the obligations and liabilities covenanted to be paid and no such prior security held by Lombard Discounting shall merge in the security created by the LND Mortgage Debenture.

### **the Invoice Discounting Agreement**

7. the Invoice Discounting Agreement, pursuant to which the Target Subsidiary will, inter alia, sell, assign or transfer the book debts of the Target Subsidiary specified in that agreement to Lombard Discounting, during the period and for the consideration and facilities specified therein, and which consideration and facilities the Target Subsidiary proposes to use, inter alia, to assist Novaside to fund the repayment of sums due by Novaside under the Novaside Facilities;

### **the Intra-Group Loan Agreement**

8. pursuant to the terms of the Intra-Group Loan Agreement, the Target Subsidiary agrees to provide to the Purchaser certain loan facilities to enable the Purchaser to meet, inter alia, its interest payments and repayment obligations to the Bank under the Credit Agreement.

## **Avonside Group Limited**

annexures to Form 155(6)b

annexure 4

All capitalised items in Annexure 4 shall have the meanings given to them in this annexure 4.

In this Form 155(6)b, and all its Annexures, the following terms shall have the following meanings:

|                                   |                                                                                                                                                                                                   |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Acquisition"                     | the acquisition, inter alia, of the whole of the issued share capital of the Company by the Purchaser pursuant to the terms and conditions of the Offer Document and the Mandatory Offer Document |
| "Bank"                            | National Westminster Bank Plc                                                                                                                                                                     |
| "Company"                         | Avonside Group Limited company registered number 2666866                                                                                                                                          |
| "Credit Agreement"                | the credit agreement dated 8 April 1999 and entered into by the Purchaser (1) and the Bank (2)                                                                                                    |
| "the Debtor Financing Agreements" | together the Factoring Agreement and the Invoice Discounting Agreements                                                                                                                           |
| "Facilities"                      | – the Bridging Loan Facility<br>– the Term Loan Facility<br>(as such terms are defined in the Credit Agreement)                                                                                   |
| "Factoring Agreement"             | the agreement in agreed from to be entered into by Lombard Factors Limited and Westco Building                                                                                                    |

 1 23

"Group Companies"

Components Limited for the provision of book debts factoring facilities to be made available to Westco Building Components Limited

- the Company
- Target Subsidiary
- Avonside Holdings Limited
- Avonside Window Systems Limited
- Westco Building Components Limited
- Lee Roofing Services Limited
- Lee Roofing Services (Wales) Limited
- Lee Roofing Services (Leigh) Limited
- B.S. Heating Limited
- Kingston Walker (Plumbing & Heating) Limited
- Kingston Walker (Plumbing & Heating) Teeside Limited
- Joshua & Tom Taylor Limited
- Avonside Services Limited
- Parry Homes Limited
- Finchwold Limited
- Lee Roofing Services (West Midlands) Limited
- J.E. Parry (Rossett) Limited
- B.S. Glazing Limited
- Sandford Glazing Limited
- Worthingway Limited
- Avonside Timber Frame Limited
- Avonside Houses Limited

|                                      |                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Guarantee"                          | <p>– Avonside Homes Limited</p> <p>the guarantee to be executed by the Purchaser and the Group Companies in favour of the Bank</p>                                                                                                                                                                                                                                 |
| "Guarantee Liabilities"              | <p>the liabilities and obligations of the Target Subsidiary to the Bank under, or pursuant to, the Guarantee</p>                                                                                                                                                                                                                                                   |
| "the Intra Group Loan Agreement"     | <p>the intra group loan agreement to be entered into between the Purchaser and Parry Homes Limited, Avonside Homes Limited and Clydesdale Roofing Supplies (Leyland) Limited pursuant to which each of Parry Homes Limited, Avonside Homes Limited and Clydesdale Roofing Supplies (Leyland) Limited will provide loan facilities to the Purchaser</p>             |
| "the Invoice Discounting Agreements" | <p>the agreements in agreed form to be entered into by Lombard NatWest Discounting Limited, Westco Building Components Limited and Clydesdale Roofing Supplies (Leyland) Limited for the provision of invoice discounting facilities to be made available to Westco Building Components Limited and Clydesdale Roofing Supplies (Leyland) Limited respectively</p> |
| "LNF Guarantee"                      | <p>the guarantee to be executed by the Purchaser and the Group Companies in favour of Lombard Factors</p>                                                                                                                                                                                                                                                          |
| "LND Guarantee"                      | <p>the guarantee to be executed by the</p>                                                                                                                                                                                                                                                                                                                         |

|                             |                                                                                                                                                                                                                                                                      |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             | Purchaser and the Group Companies in favour of Lombard Discounting                                                                                                                                                                                                   |
| "LNF Mortgage Debenture"    | the mortgage debenture to be executed by the Purchaser and the Group Companies in favour of Lombard Factors                                                                                                                                                          |
| "LND Mortgage Debenture"    | the mortgage debenture to be executed by the Purchaser and the Group Companies in favour of Lombard Discounting                                                                                                                                                      |
| "LNF Guarantee Liabilities" | the liabilities and obligations of the Company to Lombard Factors under, or pursuant to, the LNF Guarantee                                                                                                                                                           |
| "LND Guarantee Liabilities" | the liabilities and obligations of the Company to Lombard Discounting under, or pursuant to, the LND Guarantee                                                                                                                                                       |
| "Lombard Discounting"       | Lombard NatWest Discounting Limited                                                                                                                                                                                                                                  |
| "Lombard Facilities"        | the debtor financing facilities made available to Westco Building Components Limited and Clydesdale Roofing Supplies (Leyland) Limited under the terms of the Debtor Financing Agreements by Lombard NatWest Factors Limited and Lombard NatWest Discounting Limited |
| "Lombard Factors"           | Lombard NatWest Factors Limited                                                                                                                                                                                                                                      |
| "Mandatory Offer"           | the mandatory cash offer made by the Purchaser in accordance with the terms of the Mandatory Offer Document                                                                                                                                                          |

|                            |                                                                                                                                                                                                                                    |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Mandatory Offer Document" | the document which was despatched to the shareholders of the Company on 20 April 1999 in connection with the Mandatory Offer                                                                                                       |
| "Mortgage Debenture"       | the mortgage debenture to be executed by the Group Companies in favour of the Bank                                                                                                                                                 |
| "Offer"                    | the recommended cash offer made by the Purchaser in accordance with the terms of the Offer Document                                                                                                                                |
| "Offer Document"           | the document which was despatched on 9 April 1999 to the shareholders of the Company in connection with the Offer                                                                                                                  |
| "Purchaser"                | has the meaning ascribed thereto on page 2 of this Form 155(6)b                                                                                                                                                                    |
| "Subsidiary"               | <ul style="list-style-type: none"> <li>– a subsidiary as defined in Section 736 of the Companies Act 1985, and</li> <li>– a subsidiary undertaking as defined in Section 258 and Schedule 10A of the Companies Act 1985</li> </ul> |
| "Target Subsidiary"        | has the meaning ascribed thereto on page 1 of this form 155(6)b                                                                                                                                                                    |

Our ref: GDW/RS/LJT/1.35

3 August 1999

Directors of Avonside Group Limited  
(Company Number 266686)  
Unit 5  
Holden Road Trading Estate  
Holden Road  
Leigh WN7 1EX

Dear Sirs

**AUDITORS' REPORT TO THE DIRECTORS OF AVONSIDE GROUP LIMITED ("THE COMPANY") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors dated 3 August 1999 in connection with the proposal that the Company's subsidiary, Clydesdale Roofing Supplies (Leyland) Limited, should give financial assistance for the purchase of the entire issued shares in the Company.

**Basis of opinion**

We have enquired into the state of the Company's affairs in order to review the bases of the statutory declaration.

**Opinion**

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



**ROBSON RHODES**

Colwyn Chambers, 19 York Street, Manchester M2 3BA, Telephone 0161-236 3777, Fax 0161-455 3444