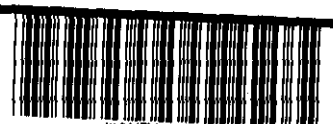


## Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

**155(6)** *B*

42722 Oxford Circus North

Post room



**A02** **\*AM3**  
**COMPANIES HOUSE**

0277  
27/01/01

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

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

The number and class of the shares acquired or to be acquired is: 54,400 ordinary shares of 10 pence each and 49,220 "A" ordinary shares of 10 pence each

The assistance is to be given to: (note 2)  
See Schedule 1

The assistance will take the form of:

See Schedule 2

The person who [XXXXXX] will acquire† the shares is:  
Mandora Leathercraft Limited

† delete as  
appropriate

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

See Schedule 2

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is 49,550

The amount of cash to be transferred to the person assisted is £ 697,550

The value of any asset to be transferred to the person assisted is £ 17,000



DM

**SCHEDULE 1 TO FORM 155(6)(b)**

**PROPORTION (HOLDINGS) LIMITED**

National Westminster Bank Plc of Corporate and Commercial Banking, PO Box 3787, 12 The Rows, Harlow, Essex, CM20 1BS

The Royal Bank of Scotland Commercial Services Limited of Smith House, Elmwood Avenue, Feltham, TW13 7QD

Mandora Leathercraft Limited of 3 Blackhorse Lane London E17 6DS


Proportion (Holdings) Limited of 9 Dallington Street, London

Susan Ghoshana Muller

Barclays Bank plc

Christine Brickman

Antony Walker

PSK  


DM

## SCHEDULE 2 TO FORM 155(6)(b)

### PROPORTION (HOLDINGS) LIMITED

#### The Form and Principal Terms of Financial Assistance

The assistance will take the form of:

- A. the execution, delivery and performance of a deed of composite guarantee in favour of National Westminster Bank Plc ("NatWest") as the same may be amended, varied, supplemented or substituted from time to time (the "NatWest Guarantee") by Proportion London Limited ("the Company") in favour of National Westminster Bank Plc pursuant to which the Company agrees that it shall guarantee all the obligations and liabilities of Proportion (Holdings) Limited and Mandora Leathercraft Limited ("Mandora") to NatWest
- B. the execution, delivery and performance of a mortgage debenture in favour of NatWest as the same may be amended, varied, supplemented or substituted from time to time (the "NatWest Debenture") by the Company in favour of NatWest pursuant to which the Company grants legal mortgages, fixed and floating charges over all its properties, assets and undertaking in favour of NatWest as continuing security for the obligations and liabilities of the Company to NatWest pursuant to which the Company covenants to pay to NatWest on demand the sum of £1 and to pay and discharge on demand all moneys obligations and liabilities (whether present or future actual or contingent) which may at the date of the NatWest Debenture or at any time thereafter may be or become due owing or incurred by the Company to NatWest on any account or otherwise howsoever (whether solely or jointly with any person and whether as principal or surety) together with interest and other bank charges so that interest shall be calculated and compounded in accordance with the practice of NatWest from time to time as well after as before any demand made or judgment obtained under the NatWest Debenture
- C. the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the NatWest Guarantee.
- D. The performance of any other acts or the execution of any other documents ancillary or otherwise relating to the NatWest Debenture.
- E. the execution, delivery and performance of and payment of all fees and costs (~~in the sum of £~~ ) in relation to an invoice discounting agreement by the Company with the Royal Bank of Scotland Commercial Services Limited ("RBS") ("the Invoice Discounting Agreement") to fund the borrowing in the maximum principal sum of £1,250,000.

*Lees and  
expenses in  
accordance  
with the  
Invoice Discounting  
Agreement*

155(6)(b) Holdings

- F. the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the RBS Invoice Discounting Agreement.
- G. the execution, delivery and performance of a fixed and floating charge as the same may be amended, varied, supplemented or substituted from time to time by the Company in favour of RBS ("the RBS Fixed and Floating Charge") pursuant to which the Company grants fixed and floating charges over all the Purchased Debts and the Other Debts as defined in the RBS Fixed and Floating Charge as continuing security for the obligations and liabilities of the Company to RBS.
- H. the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the RBS Fixed and Floating Charge
- I. the repayment by the Company of the Barclays Bank plc mortgage and loan facility and the payment of all fees and costs in respect thereof (in the sum of £ 650,000 ) including the payment of a penalty of 5% of the amount outstanding under the mortgage facility for early redemption (such penalty being the sum of £ 5054 ) in order to refinance the mortgage loan facility with RBS which will result in an upstream loan to the Company due to the fact that the property the subject of the mortgage is owned by Holdings;
- J. the payment by the Company on or around 31 January 2001 of a bonus to Christine Brickman (an employee of the Company) in the gross sum of £32,500 and employer's National Insurance thereon, the entering into of an agreement obliging the Company to pay Christine Brickman a guaranteed bonus of a minimum of 20% of her gross salary of £65,000 for 2001 at the first anniversary of completion of the acquisition of the enquire issued share capital of Proportion (Holdings) Limited ("Holdings") by Mandora and the entering into by the Company of a new service agreement with Christine Brickman ("Ms Brickman's Service Agreement").
- K. The purchase by the Company of the SAAB car (registration number W512 URK) from the hire purchase company for £11,700 and its onward sale by the Company to Mrs Sue Muller for a price of £15,000. The market value of that car at the date hereof being £ 17,000 .
- L. The entering into by the Company of a new service agreement with Tony Walker ("Tony Walker's Service Agreement").
- M. The entering into by the Company of a consultancy agreement with Sue Muller ("Ms Muller's Consultancy Agreement").
- N. The execution, delivery and performance by the Company of a deed of priority to be made between NatWest, RBS and the Company which the Company enters

into for the purpose of acknowledging certain arrangements between NatWest and RBS.

- O. The entry by the Company into an oral intragroup loan agreement between the Company and Proportion Holdings Limited ("the Intra Group Loan Agreement").
- P. The execution delivery and performance of and payment of all fees and costs by the Company in relation to a subordination agreement between Mandora, the Company, NatWest and RBS ("the Subordination Agreement")

### **The Principal Terms of the Financial Assistance**

#### **1. Under the terms of the NatWest Guarantee:**

- (a) the Company guarantees payment to NatWest on demand of all liabilities of Mandora and certain subsidiaries of Mandora (each such company being a "Debtor") (in whatever currency denominated) howsoever arising whether present future actual and / or contingent and whether incurred solely and / or jointly as principal or surety and all legal and other costs and expenses (on a full indemnity basis) howsoever incurred by NatWest in connection therewith and so that as against the Company interest shall be deemed to continue to accrue and be a liability of the Relevant Debtor thereby secured notwithstanding that for any reason interest may have ceased to accrue against the relevant Debtor and the payment of interest on the foregoing day by day from demand until full discharge such interest to be chargeable at the rate of interest payable or deemed to be payable by the relevant Debtor (or if there is no such rate at the annual rate of NatWest's rate from time to time plus two per cent) (whether before or after judgment) as calculated and compounded in accordance with the practice of NatWest from time to time and for payment of NatWest's costs and expenses (on a full indemnity basis) incurred in connection with the enforcement of the NatWest Guarantee.
- (b) the Company acknowledges and agrees that the NatWest Guarantee shall be a continuing security and shall remain in force notwithstanding any disability of the Company until determined by three months' notice in writing from the Company but notwithstanding such determination the Company shall remain liable for all the liabilities of all Debtors outstanding (whether or not due and payable) at the date of the expiration of the notice.
- (c) the Company acknowledges and agrees that any money received in connection with the NatWest Guarantee may be placed to the credit of a suspense account and such receipt shall not affect the right of NatWest to claim or prove against the relevant Debtor (or any other person liable) for the entire amount of the liabilities of the relevant Debtor. Such monies or

any part may at NatWest's option be applied in or towards discharge of such liabilities of the relevant Debtor as NatWest may in its absolute discretion determine.

- (d) the Company acknowledges that the NatWest Guarantee shall apply to all of the liabilities (as mentioned in the NatWest Guarantee) of the relevant Debtor and shall not be affected by any fluctuation in or intermediate discharge of such liabilities and until such liabilities have been discharged in full the Company shall not be entitled to share in any security held or money received by NatWest on account of such liabilities or to stand in the place of NatWest in respect of any security or money nor until such liabilities have been discharged in full shall the Company take any step to enforce any right or claim against the relevant Debtor in respect of any moneys paid by the Company to NatWest hereunder or have or exercise any rights as surety in competition with NatWest.

### **The Principal Terms of the Financial Assistance**

- 3. Under the terms of the NatWest Debenture, the Company with full title guarantee, as continuing security for the payment of the obligations thereunder as more particularly described in paragraph A above, charges in favour of NatWest:
  - (a) by way of legal mortgage all estates or interests in the freehold, leasehold and other property described in the Schedule to the NatWest Debenture and the proceeds of sale thereof ("the Legally Mortgaged Property");
  - (b) by way of specific equitable charge all estates or interests in any freehold and leasehold property (except the Legally Mortgaged Property) at the date of the NatWest Debenture and at any time during the continuance in force of the NatWest Debenture belonging to or charged to the Company (the "Equitably Charged Property") and the proceeds of sale thereof;
  - (c) 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;
  - (d) by way of specific charge all stocks, shares and other securities at the date of the NatWest Debenture and at any time during the continuance of the NatWest Debenture belonging to the Company either in or issued by any of its subsidiary companies or any other company and all dividends and other rights in relation thereto;



- (e) by way of specific charge all book debts and other debts (including without limitation rents) now and from time to time due or owing to the Company;
- (f) 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; and
- (g) by way of floating security its undertaking and all its property assets and rights whatsoever and wheresoever present and/or future including those for the time being charged by way of specific charge pursuant to the foregoing paragraphs if and to the extent that such charges as aforesaid shall fail as specific charges but without prejudice to any such specific charges as shall continue to be effected.

#### **Principal Terms of the Financial Assistance**

- 4.1 Under the terms of the RBS Fixed and Floating Charge the Company inter alia, guarantees to on demand fully discharge by payment to RBS without any deduction or set-off all or any monetary liabilities included in the Obligations (as defined in the RBS Fixed and Floating Charge) and duly perform all the Obligations other than monetary liabilities.
- 4.2 Under the terms of the RBS Fixed and Floating Charge to secure payment and performance as provided for above in 4.1 the Company as beneficial owner, charges in favour of RBS :
  - (a) by way of fixed equitable charge all Purchased Debts (as defined in the RBS Fixed and Floating Charge) and the proceeds thereof and the Other Debts (as defined in the RBS Fixed and Floating Charge) together with the Related Rights (as defined in the RBS Fixed and Floating Charge);
  - (b) by way of floating charge such of the moneys which the Company may receive in respect of the Other Debts as shall for the time being stand released (pursuant to Clause 8 of the RBS Fixed and Floating Charge) from the fixed charge created thereby.
- 4.3 The Company warrants that except as disclosed to RBS in writing prior to the date of the RBS Fixed and Floating Charge it is capable of giving full title guarantee in respect of all the Charged Property (as defined in the RBS Fixed and Floating Charge) which is free from any charge or other encumbrance or trust.

- 4.4 The Company undertakes that except with the prior written consent of RBS:
- (a) the Company shall not sell, mortgage, charge, pledge, part with possession of or otherwise dispose of any of the Charged Property subject to the fixed charges constituted by clause 3 of the RBS Fixed and Floating Charge nor release, exchange, compound, set-off, grant time or indulgence in respect of any of such Charged Property, except as expressly provided in the RBS Fixed and Floating Charge; and
  - (b) the Company shall not enter into any factoring or discounting agreement or any other agreement for the sale and purchase of Debts (as defined in the RBS Invoice Discounting Agreement) except with RBS.
- 4.5 The Company agrees that all the provisions of the RBS Invoice Discounting Agreement relating to the Purchased Debts shall apply to all the Charged Property as if such provisions were fully set out therein and as if the ownership of all such Purchased Debts were vested in RBS pursuant to the RBS Invoice Discounting Agreement.
- 4.6 The Company agrees that until the charge under the RBS Fixed and Floating Charge is discharged it shall:
- (a) collect in and realise the Other Debts in the ordinary course of business (which expression shall not include factoring or discounting or selling the Other Debts in any other way);
  - (b) promptly pay into such bank account as RBS may from time to time approve in writing any moneys which the Company may receive in respect of the Other Debts and pending such payment hold such moneys in trust for RBS;
  - (c) pay or otherwise deal with any moneys standing to the credit of such bank account in accordance with any directions which may be given at any time by RBS;
  - (d) if called at any time by RBS (at the Company's expense including any stamp duty and in such form as RBS may prescribe):
    - (i) complete and execute a formal written assignment of any or all of the Other Debts and give written notice of such assignment to every person by whom any such Other Debts shall be owing; and

- (ii) (whether or not such written assignment shall have been executed) give irrevocable instructions to such persons to make payment of all Other Debts (then owing or to become owing by such persons thereafter) direct to RBS.
- 4.7 The Company agrees that all expenses, charges and costs of any nature whatsoever incurred by RBS in connection with the preparation or enforcement of the RBS Fixed and Floating Charge or in the exercise of any powers or rights conferred on RBS thereby shall be payable by the Company on a full indemnity basis and any amount so payable shall be included in the Obligations.
- 4.8 The Company agrees that if it shall fail to pay any monetary liability included in the Obligations when demanded the Company shall pay interest thereon calculated at a rate equivalent to the Discounting Charge in force at the relevant time as defined in and pursuant to the RBS Invoice Discounting Agreement. Such interest shall accrue and be payable and compounded daily, after as well as before any judgment, from the date when such liability is due to be paid until payment in full.
- 4.9 The Company agrees that the security created under the RBS Fixed and Floating Charge shall be additional and not in substitution for any other security created or which may thereafter be created in respect of the Obligations and it shall be a continuing security and it shall not be considered to be satisfied in whole or in part by any intermediate payment by the Company.

#### **Principal Terms of the Financial Assistance**

- 5. Under the terms of the Subordination Agreement the Company undertakes that so long as any Bank Liabilities or Invoice Discounting Liabilities (as defined in the Subordination Agreement) are outstanding the Company will not, without the prior written consent of NatWest (if Bank Liabilities are outstanding) or the Invoice Discounting Lender (as defined in the Subordination Agreement) if any Invoice Discounting Liabilities are outstanding):
  - (a) secure all or any part of the Subordinated Liabilities (as defined in the Subordination Agreement);
  - (b) redeem, purchase or otherwise acquire any of the Subordinated Liabilities;
  - (c) other than in respect of any Permitted Payment (as defined in the Subordination Agreement), repay or prepay any, or pay any interest, fees or commissions (but without prejudice to accrual thereof) on, or by

reference to, any of the Subordinated Liabilities otherwise than in accordance with the terms of the Invoice Discounting Agreement; or

- (d) take or omit to take any action (other than in respect of a Permitted Payment (as defined in the Subordination Agreement)) whereby the subordination of the Subordinated Liabilities or any part thereof to the Bank Liabilities and/or the Invoice Discounting Liabilities might be terminated, impaired or adversely affected.

Our ref: CAW/CDC/TB  
Your ref:



**BAKER TILLY**

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www.bakertilly.co.uk

The Directors  
Proportion (Holdings) Limited  
9 Dallington Street  
London  
EC1V 0LN

**22 January 2001**

Dear Sirs

**Financial Assistance for the Acquisition of Shares**

We have enquired into the state of affairs of Proportion (Holdings) Limited ("the Company") in connection with the proposal that the Company shall give financial assistance for the purchase of shares in the Company.

We report in connection with Section 156(4) of the Companies Act 1985 that we are not aware of anything to indicate that the opinions expressed by the directors in the attached statutory declaration, dated **22 January 2001**, as to any of the matters in Section 156(4) of the Companies Act 1985 are unreasonable in all circumstances.

Yours faithfully

**Baker Tilly**

Offices at : Birmingham, Bradford, Bristol, Bromley, Chester, Crawley, Guildford, London, Manchester, Milton Keynes, Warrington, Watford, Yeovil

A list of partners' names is available at the above address

Baker Tilly is registered to carry on audit work and authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

A MEMBER OF  ASSOCIATES, INC.