

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

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  
(Address overleaf - Note 5)

For official use

Company number

2908945

Name of company

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

\*  
ROYSTON ENGINEERING GROUP LIMITED

\*Insert full name  
of company

~~We~~ Lawrence Brown of 11 Park Avenue, Gateshead, Tyne and Wear NE11 9QE  
Sarah Wade of 24 Friars Rise, Monkseaton, Whitley Bay, Tyne and Wear NE25 9BA  
Steven Harrison of The Granary, Myton on Swale, York, North Yorkshire YO61 2QY

Insert name(s) and  
address(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

The business of the company is

§ Delete whichever  
is inappropriate

~~(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

The company is [the] [a] holding company of\*

Royston Limited (registered number 1384241) ("RL")

which is

proposing to give financial assistance in connection with the acquisition of shares

in [this company] [ "Acquisition A" ] and in RL [ "Acquisition B" ]

~~the holding company of the company~~

Presentor's name address and  
reference (if any)

Hay & Kilner Solicitors  
30 Cloth Market  
Newcastle upon Tyne  
NE1 1EE  
DX 61019 Newcastle upon Tyne  
Ref JNJ/MA/01W2919/1

For official Use (10/03)  
General Section

Post room

FRIDAY



A24

\*ABSJPT5J\*

21/09/2007  
COMPANIES HOUSE

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

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

As regards Acquisition A, 633,000 cumulative redeemable preference shares of  
£1 each and 67,000 preferred ordinary shares of £1 each, and as regards  
Acquisition B, 50,000 ordinary shares of £1 each

The assistance is to be given to (note 2)

Royston Power Generation Limited ("RPGL")

The assistance will take the form of

As per Schedule Part 1

The person who ~~has acquired~~ ~~will acquire~~ † the shares is

RPGL

† Delete as  
appropriate

The principal terms on which the assistance will be given are

As per Schedule Part 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 N11

The amount of cash to be transferred to the person assisted is £ N11

The value of any asset to be transferred to the person assisted is £ N11

Please do not  
write in  
this margin

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

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

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

I/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)

(a) ~~I/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 I/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 I/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 30 Cloth Market  
Newcastle Upon Tyne

Day Month Year  
on 

1	9	0	9	2	0	7
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before me

[Signature]  
A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

Declarants to sign below

[Signature]  
S. Wade.  
[Signature]

## NOTES

- For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 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
- Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- The auditor's report required by section 156(4) of the Companies Act 1985 must be annexed to this form
- The address for companies registered in England and Wales or Wales is -  
The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ  
DX 33050 Cardiff  
or, for companies registered in Scotland -  
The Registrar of Companies  
37 Castle Terrace  
Edinburgh  
EH1 2EB  
DX 235 Edinburgh  
or LP-4 Edinburgh 2

## **Schedule to Form 155(6)b**

### **Royston Engineering Group Limited (company number 2908945)**

#### **Part 1**

The execution, delivery and compliance with and satisfaction of (as the case may be) -

- 1 A cross guarantee given by the Company and RL in favour of N E Seed Capital Fund Limited Partnership and others ("the Guarantee")
- 2 A committed overdraft facility letter dated 3<sup>rd</sup> September 2007 from the Bank of Scotland ("the Facility Letter")
- 3 A sale and purchase agreement to be entered into by the Company and RPGL relating to the acquisition by RPGL of the entire issued share capital of RL ("SPA")
- 4 An oral loan agreement to be entered into by the Company and RPGL ("the Loan Agreement")
- 5 Assignments of keyman policies relating to Lawrence Brown and Sarah Wade ("the Assignments")

#### **Part 2**

- 1 Pursuant to the Guarantee, the Company provides a guarantee to N E Seed Capital Fund Limited Partnership and others in respect of the obligations of RPGL thereto
- 2 Pursuant to the Facility Letter, the Company and RL have agreed to an increase in the overdraft facility available to them to £280,000
- 3 Pursuant to the SPA, the Company agrees to dispose of the entire issued share capital in RL to RPGL on the terms therein provided
- 4 Pursuant to the Loan Agreement, the Company has agreed to borrow £250,000 as an interest free unsecured loan repayable on demand from RPGL for the purpose of repaying to Northern Investors Company PLC ("NIC") all sums due in accordance with certain unsecured loan stock 2006/2009 held by NIC in the Company
- 5 Pursuant to the Assignments, the Company has agreed to assign the benefit of keyman policies over the lives of Lawrence Brown and Sarah Wade to N E Seed Capital Fund Limited Partnership and others

**REPORT OF THE INDEPENDENT AUDITOR TO THE DIRECTORS OF  
ROYSTON ENGINEERING GROUP LIMITED ("THE COMPANY") PURSUANT  
TO SECTION 156(4) OF THE COMPANIES ACT 1985**

We report on the attached statutory declaration of the directors dated 19 September 2007, prepared pursuant to the Companies Act 1985, in connection with the proposal that the Company's subsidiary Royston Limited should give financial assistance in connection with the purchase of 67,000 preferred ordinary shares of £1 each and 633,000 cumulative redeemable preference shares of £1 each of Royston Engineering Group Limited and 50,000 ordinary shares in Royston Limited

This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the opinions that we have formed

**Basis of opinion**

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

**Opinion**

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

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne

Date