

3015466

DATED 15th July 1995

PITCOMP 118 LIMITED (1)

and

CHRISTOPHER ROBERT GRAY AND OTHERS (2)

AGREEMENT FOR SALE OF SHARES

relating to  
Starplan Network Services Limited and  
Starplan Network Services (Midlands) Limited



We hereby certify  
this to be a true copy  
of the original

*Pitmans*  
29/5/96



47 Castle Street  
Reading  
RG1 7SR  
Tel: 01734 — 580224  
Fax: 01734 — 585097

**PRESENTED**

24 JUL 1995

No. 23664

1995

THIS AGREEMENT is made the

15th

BETWEEN:-

- (1) the persons whose names and addresses are set out in Column 1 of Schedule 1 ("the Vendors")
- (2) PITCOMP 118 LIMITED registered in England and Wales with registered no. 3015466 whose registered office is at 47 Castle Street Reading Berkshire RG1 7SR ("the Purchaser")

WHEREAS:-

- (1) STARPLAN NETWORK SERVICES LIMITED ("SNS") was incorporated on the 9th November 1989 under the Companies Act 1985 with company number 2441764
- (2) At the date hereof SNS has an authorised share capital of £100 divided into 100 ordinary shares of ONE POUND (£1) of which 90 such shares are issued as fully paid or credited as fully paid and all of which are beneficially owned by the Vendors in the numbers shown against their respective names in Column 2 of Schedule 1
- (3) Details of SNS are set out in Schedule 2
- (4) STARPLAN NETWORK SERVICES (MIDLANDS) LIMITED ("Midland") was incorporated on the 11th February 1993 under the Companies Act 1985 with company number 2788895.
- (5) At the date hereof Midland has an authorised share capital of £10,000 divided into 10,000 ordinary shares of £1 each of which 102 are issued (34 of which are designated as A Shares and 68 of which as B Shares) and are issued as fully paid or credited as fully paid and all of which are beneficially owned by the Vendors in the numbers shown against their respective names in column 3 of Schedule 1 and which together with the

shares referred to in recital (2) above are hereinafter called "the Sale Shares".

- (6) Details of Midland are set out in Schedule 2.
- (7) The Vendors have agreed to sell (each according to his aforesaid interest) and the Purchaser has agreed to purchase all the Sale Shares upon the terms and subject to the conditions hereinafter contained
- (8) The Company entered the Deed of Succession with the Purchaser on the date hereof.
- (9) The Company entered into the agreement to sell the Property before entering into this Agreement

NOW IT IS HEREBY AGREED as follows:-

**1. Definitions and Interpretation**

IN this Agreement and in its Schedules the expressions defined below shall (except where the context otherwise requires) have the following meanings:-

"the Accounts"                      the audited financial statements of the Companies and such financial statements comprise a balance sheet profit and loss account notes directors report and a statement of the source and application of funds as at and for the period ended on the Last Accounting Date

"the Business"                      the business carried on by the Companies

"the Companies Act"                the Companies Act 1985

"the Companies"                    SNS and Midland or any of them (as the case may be)

"Completion"                        Completion in accordance with the provisions of Clause 4

"the Completion

Accounts"                            the financial statements of the Companies as at the Completion date prepared pursuant to clause 6 which shall be

prepared on the basis of the same accounting principles as the Accounts (insofar as they are consistent with normal accounting standards) but shall in any event be prepared in accordance with SSAP9 (revised) and an appropriate accrual will be made for all Taxation liabilities of the Companies up to Completion

"Completion Date" the date of this Agreement

"the Consideration

Shares" the 72,500 ordinary shares of £1 each of the Purchaser and £200,000 "B" preference shares of £1 each of the Purchaser credited in each case as fully paid to be allotted pursuant to clause 3.1.2 to the Vendors in the proportions detailed in Schedule 1

"the Deed of Indemnity" the deed of indemnity a copy of which is set out in Schedule 4

"the Deposit" the sum of ONE HUNDRED THOUSAND POUNDS (£100,000) as referred to in clause 5 (as reduced from time to time by payments made in accordance with this Agreement) but excluding any interest

"the Directors" those referred to as such in Schedule 2

"the Disclosure Letter" a letter of even date herewith signed by the Vendors' Solicitors on behalf of the Vendors and addressed to the Purchaser's Solicitors and headed Disclosure Letter

"the Guarantees" the obligations of the Companies pursuant to their standard

terms of 12 month warranty parts and labour guarantees (in the form attached to the Disclosure Letter)

"the Intellectual  
Property"

The patents, trade marks, service marks, designs, design rights, copyright (including all copyright in any designs and computer software), inventions, trade secrets, know how, confidential information, and all other intellectual property rights and rights of a similar character in any part of the world which, or the subject matter of which are or have been used for the purpose of the Business (whether or not the same are registered or capable of registration), and all applications and rights to apply for protection of any of the same

"Last Accounting Date" in relation to SNS the 31st December 1994 and in relation to Midland the 30th June 1994

"the Fixed Assets" the fixed tangible assets of the Companies (as that term is used in the balance sheet in the Accounts)

"the Management  
Accounts"

the unaudited accounts of the Companies from the 1st January 1994 to the 30th June 1995 as set out in Schedule 5

"the Management  
Accounts Date"

30th June 1995

"the Net Current Assets" the total value of the current assets of the Companies less the total value of creditors (amounts falling due within one year)

	of the Companies and the total value of creditors (amounts falling due after more than one year) of the Companies (which values shall in each case be as set out in the Completion Accounts)
"the Payment Date"	the day which is 28 days after the Purchaser delivers the Completion Accounts and the certificate to the Vendors in accordance with clause 6.3
"the Price"	the consideration for the acquisition of the Sale Shares set out in Clause 3
"the Property"	the properties short particulars whereof are set out in Schedule 6 and includes any part or parts thereof
"the Purchaser"	the Party to this Agreement of the second part
"the Purchaser's Solicitors"	Messrs. Pitmans of 47 Castle Street Reading Berks
"the Sale Shares"	the 82 of the 90 Ordinary Shares of £1 each issued by SNS (being the 82 shares referred to in Schedule 1) and the 34 "A" Ordinary Shares of £1 and the 68 "B" Ordinary Shares each issued by Midland
"the Vendors"	<p>(i) In relation to the sale of shares in SNS the Vendors shall be Freda Gray, Christopher Robert Gray, Melvin Stanley Clare, David Stockley, Susan Clare and Ruth Stockley</p> <p>(ii) In relation to the sale of shares in Midland the Vendor shall be Freda Gray, Christopher Robert</p>

"the Vendor's Solicitors" Messrs. Lamb Brooks of Victoria House 39 Winchester Street  
Basingstoke Hants

"Warranty claim" a claim against the Vendors under the Warranties or the  
Deed of Indemnity

"the Warranties" the representations and warranties given by the Vendors to  
the Purchaser pursuant to Clause 7

"the 1970 Act" the Income and Corporation Taxes Act 1970

"the 1979 Act" the Capital Gains Tax Act 1979

"the 1988 Act" the Income and Corporation Taxes Act 1988

1.2 "Taxation" means all forms of taxation duties imposts levies and withholdings whatsoever  
and whenever created or imposed and whether of the United Kingdom or elsewhere and  
whether imposed by a local municipal governmental state federal or other body and  
without prejudice to the generality of that expression includes:

1.2.1 income tax surtax profits tax corporation tax advance corporation tax petroleum  
revenue tax development gains tax development land tax capitals gains tax capital  
transfer tax inheritance tax selective employment tax estate duty stamp duty stamp  
duty reserve tax capital duty general rates water rates car tax purchase tax value  
added tax customs and other import or export duties excise duties betterment levy  
Social Security contributions national insurance contributions and the special charge  
any payment whatsoever which the Companies may be or become bound to make  
to any person as a result of any enactment relating to taxation and any other taxes  
duties or levies or withholdings supplementing or replacing the same and any  
amount treated as an amount of Taxation; and

- 1.2.2 all costs charges interest fines penalties surcharges and expenses incidental or relating to any Taxation.
- 1.3 "taxation statutes" includes statutes (and all regulations and subordinate legislation made thereunder) whether coming into force before or after at the date hereof providing for or imposing any charge to Taxation. In construing references to any taxation statute :-
- 1.3.1 reference to any tax duty or levy in respect of income profits gains or chargeable gains earned accrued or received shall include tax duty or levy in respect of income or profits or gains deemed to have been treated as or regarded as earned accrued or received; and
- 1.3.2 any references to claims demands or assessments to tax duty or levy on the happening of any event shall include claims demands or assessments to tax duty or levy where such events are (under the taxation statute in question) deemed to have or treated or regarded as having occurred
- 1.4 Terms defined in taxation statutes shall bear the same meanings in Schedules 3 and 4 unless otherwise defined therein
- 1.5 References to the consequences of acts omissions or transactions effected prior to Completion shall include the combined effect of two or more acts omissions or transactions the first of which shall have been completed before the date of Completion
- 1.6 References to statutory provisions shall be construed as references to those provisions as respectively re-enacted from time to time (whether before or after the date hereof) and shall include any provisions of which they are re-enactments
- 1.7 The expressions "the Vendors" includes their respective personal representatives
- 1.8 Any document expressed to be "in the approved terms" means in a form approved and for the purpose of identification signed by or on behalf of the parties thereto



- 1.9 The masculine gender shall include the feminine and neuter and the singular number shall include the plural and vice versa
- 1.10 References to persons shall include trustees bodies corporate unincorporated associations partnerships states and governmental and administrative entities
- 1.11 Save as herein expressly provided otherwise expressions defined in the 1970 Act the 1988 Act or in the Companies Act shall where used herein have the meanings therein given to them
- 1.12 The headings to clauses and sub-clauses or to paragraphs in Schedule 3 hereto and the summary notes appearing herein in brackets following references to provisions of the taxation statutes are for the purposes of information only and are not part of this Agreement and shall not be used in the construction of any part or the whole of this Agreement
- 1.13 References to clauses sub-clauses paragraphs sub-paragraphs and schedules relate to the relevant provisions of this Agreement

## **2. Sale and Purchase**

SUBJECT to the terms of this Agreement the Vendors simultaneously shall sell and the Purchaser (if the Vendors simultaneously shall sell) shall purchase the respective holdings of the Vendors of the Sale Shares as specified in Schedule 1 free from all liens charges incumbrances or adverse claims and with all rights which are now or which at any time prior to Completion may become attached to the Sale Shares

## **3. Consideration**

- 3.1 THE purchase price for the Sale Shares shall be :-
- 3.1.1 SIX HUNDRED AND TWENTY TWO THOUSAND TWO HUNDRED AND TWENTY TWO POUNDS (£622,222);

- 3.1.2 the allotment at Completion of the Consideration Shares; and
- 3.1.3 the payment made to the Vendors in accordance with clause 6.5

which is the Price (subject to any adjustment made in accordance with this Agreement) and the Price shall be apportioned between the Vendors in the manner set out in Schedule 1 and shall be apportioned between the shares of SNS and the shares of Midland in the manner determined by KPMG under Clause 6.2.

- 3.2 The Consideration Shares which are ordinary shares of the Purchaser shall be issued to rank pari passu in all respects with the ordinary shares of the Purchaser in issue at Completion. The Consideration Shares which are preference shares of the Purchaser shall rank subject to the preference shares of the Purchaser in issue at Completion such preference shares to have the rights attributed to them in accordance with the Purchaser's articles of association

#### **4. Completion**

SUBJECT to the provisions of this Agreement the purchase of the Sale Shares shall be completed at the offices of the Purchasers' Solicitors immediately after the signing of this Agreement when and where:-

- 4.1 The Vendors will deliver or procure the delivery to the Purchaser of:-
  - 4.1.1 duly executed transfers of the Sale Shares in favour of the Purchaser or its nominees together with the relevant share certificates;
  - 4.1.2 such other documents as may be required to vest in the Purchaser the entire beneficial ownership of the Sale Shares and to enable the Purchaser to procure them to be registered in the name of the Purchaser or its nominees on completion (including without prejudice to the generality of the foregoing all such consents as are required in relation to the waiving of all pre-emption rights

pursuant to the Companies' Articles of Association ) provided that the Vendors shall not be required to stamp the transfers of the Sale Shares;

4.1.3 duly executed letters of resignation from David Stockley and Christopher Gray resigning as directors of the Companies and from David Stockley resigning as secretary of the Companies incorporating an acknowledgement in each case that he has no claim whatsoever against the Companies

4.1.4 an acknowledgment executed under seal by the Vendors that they have no claim against the Companies in the agreed form

4.1.5 a duly executed letter of resignation from the auditors of the Companies in accordance with Section 394(1) of the Companies Act incorporating an acknowledgement that they have no claim against the Companies;

4.1.6 duly executed Deeds of Indemnity;

4.1.7 Service Agreements between the Purchaser and Christopher Robert Gray David Stockley and between the Company and Melvyn Stanley Clare respectively duly executed by such employees; and

4.1.8 a duly executed Shareholders Agreement in the agreed form.

4.2 The Vendors will deliver to the Purchaser or (where the Purchaser agrees) will undertake to deliver to the Purchaser following Completion as agents for the Companies all papers documents records and accounts belonging to or in the possession or under the control of the Companies including:-

4.2.1 the statutory and minute books of the Companies duly made up-to-date and the common seals and certificates of incorporation thereof together with up-to-date prints of the memorandum and articles of association and the share certificate books together with all unissued or cancelled share certificates of the

Companies;

- 4.2.2 all books of account or reference as to customers and other records and all insurance policies in any way relating to or concerning the respective businesses of the Companies;
- 4.2.3 the bank cheque books and paying-in books of the Companies all fuel agency cards and other credit cards issued to the Vendors in their capacity as Directors or Employees of the Companies; and
- 4.2.4 all employment and PAYE records and service agreements or hire purchase leasing or other agreements of any kind entered into by the Companies;
- 4.3 The Vendors shall procure the board of directors of the Companies holds a meeting at which they shall:-
  - 4.3.1 appoint such persons as the Purchaser may nominate as Directors and as secretary of the Companies and accept the resignation referred to in 4.1.3 above
  - 4.3.2 vote in favour of the registration of the Purchaser or its nominees as members of the Companies subject to the production of duly stamped and completed stock transfer forms;
  - 4.3.3 accept the resignation of the auditors Messrs. Martin Fahy & Co. and appoint KPMG in their place;
  - 4.3.4 amend all relevant bank mandates in accordance with the Purchaser's instructions; and
  - 4.3.5 change the situation of the registered office of the Companies to an address nominated by the Purchasers and notified to the Vendors Solicitors prior to Completion
- 4.4 Subject to the above the Purchaser will:-

- 4.4.1 pay the sum of SIX HUNDRED AND TWENTY TWO THOUSAND TWO HUNDRED AND TWENTY TWO POUNDS (£622,222) by Bankers Draft (or other method satisfactory to the Vendors) to the Vendors' solicitors (whose receipt shall be a good and sufficient discharge to the Purchaser);
- 4.4.2 deliver to the Vendors share certificates in respect of the Consideration Shares;
- 4.4.3 pay the Deposit to the Purchaser's Solicitors to be dealt with as provided in clause 5;
- 4.4.4 deliver to the Vendors a counterpart of the Deed of Indemnity;
- 4.4.5 deliver to the Vendors Service Agreements between the Purchaser and Christopher Robert Gray David Stockley and between the Company and Melvyn Stanley Clare respectively; and
- 4.4.6 procure that the board of directors of the Purchaser hold a meeting at which they shall appoint Christopher Robert Gray and David Stockley as directors of the Purchaser
- 4.4.7 deliver to the Vendors a duly executed Shareholders Agreement in the agreed form.

## **5. The Deposit**

- 5.1 The parties agree that the Deposit shall be placed on deposit by the Purchaser's Solicitors in their client account and the Deposit shall be dealt with in accordance with the following clause.
- 5.2 Subject to clause 5.3 the Purchaser shall procure that the Purchaser's Solicitors shall pay the amount of the Deposit to the Vendors on or before the Payment Date. Such payment shall represent a part payment of the obligations of the Purchaser pursuant to clause 6.5.

- 5.3 If the Purchaser or the Companies makes any claim under this Agreement or the Deed of Indemnity or otherwise (whether in relation to the Warranties the Completion Accounts or otherwise) ("the Claim") then notwithstanding the provisions of clause 5.2 the Purchaser shall be entitled to instruct the Purchaser's Solicitors to retain whichever is the lesser of:-
- 5.3.1 the remaining balance of the Deposit; and
  - 5.3.2 the amount reasonably claimed by the Purchaser in relation to the Claim.
- 5.4 If any sum is retained by the Purchaser's Solicitors after the Payment Date in accordance with clause 5.3 then the Purchaser shall procure that the Purchaser's Solicitors shall continue to hold such sum pending the settlement or resolution of the Claim or the Claims (as the case may be) and the remaining sub-clauses of this clause shall apply.
- 5.5 When a Claim is settled or resolved and the amount payable to the Purchaser or the Companies determined then the Purchaser shall within 14 days of such determination instruct the Purchaser's Solicitors to pay the appropriate amount to the Purchaser or the Company out of the monies retained by the Purchaser's Solicitor
- 5.6 After settlement of the Claim or all the Claims (as the case may be) any amount of the Deposit still held by the Purchaser's Solicitors shall be paid to the Vendors forthwith subject to and in accordance with this clause. Such payment shall represent a part payment of the obligations of the Purchaser pursuant to clause 6.5
- 5.7 The payment of any sum in accordance with this clause towards the satisfaction of any Claim shall not in any way prejudice or affect any other rights or remedies of the Purchaser or the Companies for the purposes of recovering any additional amount due from the Vendors in relation to such claim or otherwise.

- 5.8 Interest accrued on the Deposit shall belong to the Vendors the Purchaser and the Companies in proportion to the amounts of the Deposit released to each of them from time to time
- 5.9 The Purchaser shall as and when necessary give such instructions to the Purchaser's Solicitors as may be necessary to comply with this clause. Provided that the Purchaser's Solicitors shall have provided the Vendor's Solicitors with a copy of such instructions (not less than 5 working days before releasing the Deposit or any part of it) the Vendors shall be deemed to consent to such payment made pursuant to such request unless (before the payment is made) the Vendors' Solicitors have notified the Purchaser's Solicitors that the Vendors object to such payment.
- 5.10 Unless the Vendors object to such payment the Vendors shall procure that the Vendor's Solicitors acknowledge receipt of the correspondence referred to in clause 5.9 and confirm the Vendor's consent to any proposed releases of the Deposit to the Purchaser within 3 working days of the Vendor's Solicitors receiving such correspondence.
- 5.11 Any payment by the Purchaser's Solicitors which is made in accordance with the written instructions of the Vendor's Solicitors shall be deemed to be made in accordance with the terms of this Agreement

## **6. Completion Accounts**

- 6.1 The Vendors shall as soon as practicable and in any event within 14 days after Completion, prepare draft Completion Accounts. In the Completion Accounts the sum due to the Company under the agreement in relation to the sale of the Property shall be included as a book debt and the liability to Birmingham & Midshires shall be shown as a liability of the Company.
- 6.2 Within 14 days of receiving the draft Completion Accounts the Purchaser shall procure

that the Completion Accounts are prepared by and audited by KPMG who shall also be instructed to certify the value of the Fixed Assets and the Net Current Assets (which values shall in each case be as set out in the Completion Accounts) and apportion the Price between the shares of SNS and the shares of Midland. The cost of the audit and certification shall be paid by the Purchaser.

- 6.3 The parties shall disclose to KPMG all relevant facts and information for the purposes of preparing the Completion Accounts and the Purchaser shall procure that KPMG consult with the Vendors and the Purchaser.
- 6.4 The Purchaser shall deliver to the Vendors copies of the Completion Accounts and the certification by KPMG of the amounts of the Fixed Assets and the Net Current Assets as soon as practicable and in any event within 7 days after receiving the same.
- 6.5 If and to the extent that the total amount of the Fixed Assets plus the Net Current Assets is less than £100,000 then the Vendors jointly and severally undertake to pay (within 21 days after delivery to the Vendors of a copy of the Completion Accounts and KPMG's certificate) to the Purchaser the amount of such deficit and the Price shall be reduced by such amount.
- 6.6 If and to the extent that the total amount of the Fixed Assets plus the Net Current Assets is greater than £100,000 then the Purchaser undertakes to pay (within 21 days after delivery to the Vendors a copy of the Completion Accounts and KPMG's certificate) to the Vendors the amount of such excess provided always that the Purchaser shall be entitled to set off against such payment any sum due to the Purchaser from the Vendors and provided further that if requested to do so by the Vendor the Purchaser shall issue the Vendors or such person as they shall direct with a promissory note in the agreed form in payment or part payment of such payment (as the case may be).
- 6.7 In preparing the Completion Accounts the value of



- 6.7.1 the stock in trade of the Companies shall be the aggregate value of the agreed values of the agreed list of stock as set out in Annexure 1;
- 6.7.2 the work in progress shall be the aggregate value of the agreed values of the work in progress as set out in Annexure 2

## **7. Warranties**

7.1 SUBJECT to matters fully and fairly disclosed in the Disclosure Letter (which matters the Vendors hereby warrant to be true) the Vendors hereby jointly and severally warrant and represent to the Purchaser (contracting for itself and as trustee for the Companies and for any successor in title of the Purchaser (including any successor to all or part of the Business and to any successor in title to the Sale Shares)) that each of the statements made in Schedule 3;

7.1.1 is and will at Completion be true and correct in every particular;

7.1.2 shall be agreed as being terms and conditions of this Agreement; and

7.1.3 shall be deemed to constitute representations upon the faith of which the Purchaser has entered into this Agreement

7.2 None of the paragraphs of Schedule 3 shall be limited or restricted by reference to or inference from the terms of any other of those paragraphs and are given notwithstanding any information the Purchaser may have received or been given or have had as actual implied or constructive notice prior to the signing hereof (other than that fully and fairly disclosed in the Disclosure Letter).

7.3 If there shall be any breach of any of the Warranties the Purchaser shall (without prejudice to any right to rescind this Agreement) be entitled to compensation in respect of any loss resulting from such breach. If it shall be found that any matter the subject of a Warranty was not as warranted and that the Vendors are in breach of warranty in respect thereof and the effect of such breach is that either:-

7.3.1 the value of an asset of the Companies is less than its value would have been had

there been no such breach of warranty; or

- 7.3.2 the Companies have incurred or incur any liability or contingent liability which would not have been incurred had there been no such breach of warranty;

then the Vendors will make good to the Companies the amount of the diminution in the value of the asset(s) or the loss occasioned by such liability by payment in cash to the Companies or (if the Purchaser shall so elect) pay to the Purchaser an amount equal to the diminution thereby caused in the value of the Sale Shares together with in either case any reasonable costs and expenses incurred by the Companies or the Purchaser in connection therewith Provided Always that these provisions shall be without prejudice to any other remedy which the Purchaser may have by reason of a breach of any such warranty or representation

- 7.4 The benefit of the Warranties shall be assignable in whole or in part to any successor in title of the Purchaser (including any successor in title to all or part of the business and to any successor in title to the Sale Shares)

- 7.5 Any liability to the Purchaser or any other person hereunder may in whole or in part be released compounded or compromised or time or indulgence given by the Purchaser or such other person in its discretion as regards all or any of the Vendors under such liability without in any way prejudicing or affecting the rights against any other or others of the Vendors under the same of a like liability whether joint or several as otherwise

- 7.6 The Warranties shall continue in full force and effect after Completion and Completion shall not in any way constitute a waiver of any of the Purchaser's rights

- 7.7 Where any of the Warranties (other than warranty 3.1.2) or the statements in the Disclosure Letter are qualified by the expression "to the best of the knowledge, information and belief of" or "sofar as the Vendors are aware" or any similar expression it shall be deemed to include an additional statement that it has been made after due and careful enquiry into the subject matter of that Warranty.

- 7.8.1 the Vendors are not liable in respect of a Warranty claim unless the amount that would otherwise be recoverable from the Vendors (but for this clause 7.8.1) in respect of that claim exceeds £500;
- 7.8.2 the Vendors are not liable in respect of a Warranty claim unless and until the amount that would otherwise be recoverable from the Vendors (but for this clause 7.8.2) in respect of that claim, when aggregated with any other amount or amounts recoverable in respect of other Warranty claims (excluding any amounts in respect of a Warranty claim for which the Vendors have no liability because of clause 7.8.1, exceeds £5,000 and in the event that the aggregated amounts exceed £5,000;
- 7.8.3.1 the total liability of the Vendors (other than Mr. Clare) in respect of all Warranty claims is limited to a sum equal to £650,000 plus a further sum of £200,000 provided always that the liability of the Vendors in respect of such excess shall be limited to the amount paid by the Company on redemption of the "B" preference shares; and
- 7.8.3.2. Mr. Clare's total liability in respect of all Warranty Claims is limited to a sum equal to £650,000 (excluding the value of the Consideration Shares)
- 7.8.4 the Vendors are not liable in respect of a Warranty claim unless the Purchaser has given the Vendors written notice of the claim stating in reasonable detail the nature of the claim and, if practicable, the amount claimed;
- 7.8.4.1 on or before the sixth anniversary of Completion in respect of a Warranty claim under the Deed of Indemnity or for breach of a Warranty contained in paragraph 4 of Schedule 3; and
- 7.8.4.2 on or before the second anniversary of Completion in respect of any other Warranty claim
- 7.8.5 a Warranty claim notified in accordance with clause 7.8.4 and not satisfied, settled or withdrawn is unenforceable against the Vendors unless proceedings in respect of

the claim have been issued and served on the Vendors within the period of one year starting on the day of notification of the claim;

7.8.6 the Vendors are not liable in respect of a Warranty claim to the extent that the matter giving rise to the claim would not have arisen but for a change in the law after the date of this Agreement (not actually in force at the date of this Agreement);

7.8.7 the Purchaser is not entitled to recover more than once in respect of any one matter giving rise to a Warranty claim provided that to the extent that a further claim arises from the same subject matter the Purchaser shall not be prohibited from recovering in respect of such further claim;

7.8.8 the provisions of clauses 3.1 and 3.2, 4 and 7 of the Deed of Indemnity shall apply, mutatis mutandis, to a Warranty claim for a breach of Warranty contained in paragraph 4 of Schedule 3;

7.8.9 the Vendors shall not be liable for a Warranty claim to the extent that the subject matter of the claim is taken into account in determining the Price in accordance with clause 6.

7.8.10 if the Purchaser or the Companies are entitled to make a Warranty claim in respect of any act event or default both under the Warranties and under the Deed of Indemnity the claim shall be made first under the Warranties and any amount payable by the Vendors under the Deed of Indemnity shall be reduced accordingly.

## **8. Restrictive Covenants**

8.1 EACH of the Vendors (as a separate and severable undertaking) undertakes to the Purchaser that for the period of two years after Completion he will neither on his own account nor in conjunction with nor on behalf of any person firm or company whether as an employee agent or howsoever otherwise directly or indirectly:-

8.1.1 carry on will be engaged concerned or interested in carrying on any business

- competing or likely to compete with that at the date hereof being carried on by the Companies within England (other than as holder of shares or debentures quoted in the Official List or on the Alternative Investment Market of the Stock Exchange);
- 8.1.2 solicit or entice away from the Companies any person who shall be an employee officer manager servant agent or independent contractor of the Companies at Completion or thereafter during a period when the relevant Vendor is himself an employee director or consultant of the Companies ("a Relevant Person");
- 8.1.3 engage or employ or offer to engage or employ any Relevant Person in connection with any business competing or likely to compete with that at the date hereof carried on by the Companies;
- 8.1.4 solicit or attempt to solicit any of the customers of the Companies listed in Annexure 3 with the intent to procure from or with such customers any contract engagement or communication for the benefit of a business in competition or likely to compete with that of the Companies; or
- 8.1.5 anywhere in the world for any purpose whatsoever use or carry on or be engaged in any business firm or company using any business name used by the Companies or any name containing "Starplan" or any logo of the Companies or any colourable imitations thereof.
- 8.2 Each of the Vendors undertakes henceforth not to divulge or use other than for the benefit of the Companies any confidential information of the Companies otherwise than to the professional advisers officers and employees of the Companies whose province it is to know the same and undertakes to use his best endeavours to prevent the publication or disclosure of any such confidential information
- 8.3 The restrictions contained in the preceding sub-clauses are considered reasonable by the parties (having taken independent legal advice) but in the event that any such restrictions shall be found to be void but would be valid if some part thereof were

deleted or the period or area of application reduced such restriction shall apply with such modifications as may be necessary to make it valid or effective

8.4 The Vendors agree that having regard to the circumstances the restrictive covenants herein contained are reasonable and necessary for the protection of the Business and do not work harshly against them

8.5 In the event that the employment of Christopher Robert Gray David Stockley or Melvin Stanley Clare shall be terminated by the Purchaser then the provisions of clause 8.1 shall from the date of such termination cease to apply to such employee provided that this sub-clause shall not apply in relation to any termination where such employee has been guilty of gross misconduct (where gross misconduct shall have the meaning attributed thereto in his contract of employment)

## **9. Further Assistance**

9.1 THE Vendors undertake to do execute and perform all such further acts deeds documents or things as the Purchaser may require effectively to vest beneficial ownership of the Sale Shares in the Purchaser or its nominees or to effectively vest beneficial ownership of any of the Companies' assets in the Companies in each case free from all charges liens and other adverse interests whatsoever

9.2 Without limitation to clause 9.1 the Vendors agree that following Completion they will use their reasonable endeavours to give the Purchaser all information known to them that may reasonably be required in connection with the carrying on of the Business and use their best endeavours to procure for the Purchaser the full benefit and advantage of the goodwill of the Business by recommending the Companies and by introducing the Purchaser's directors and employees to customers suppliers and otherwise as far as practicable

**10. Publicity**

The Vendors shall not issue any information or statement (whether to the press or otherwise) relating to the transaction herein agreed to be effected or any part of it without the prior written consent of the Purchaser.

**11. Restrictive Trade Practices Act**

NO provisions of this agreement or of any agreement or arrangement of which it forms part by virtue of which the agreement constituted by all of the foregoing is subject to registration (if such be the case) under the Restrictive Trade Practices Act 1976 shall take effect until the day after particulars of such agreement have been furnished to the Director General of Fair Trading pursuant to the terms of Section 24 of that Act

**12. Pensions**

The Vendors hereby agree to indemnify the Purchaser against all losses, claims, demands, liabilities, indemnities and expenses arising out of or in respect of any claim by any employee or former employee of the Vendors against the Company in relation to any pension rights such employees may have whether such rights arise under or in relation to the trust deed dated the 15th December 1992 by which the Starplan Network Services Limited Executive Retirement Plan was established ("the Plan"), all deeds supplemental to the said trust deed, the Rules of the Plan or any contract of employment entered into by the Company with any such employee or otherwise.

**13. Costs**

THE parties shall pay their own costs and expenses of completion of this Agreement and all incidental documents save that the Purchaser shall pay any stamp duty payable in connection with the transfer of the Shares to the Purchaser

**14. Governing Law**

THIS Agreement shall be governed by and construed in accordance with English law

**15. Notices**

15.1 ANY notice given pursuant to this agreement shall be in writing and may be sent by first class pre-paid post telex or fax to the party to whom it is addressed at his or its address as herein specified and if sent shall by first class post be deemed to have been received two working days after the date of posting and if sent by fax or telex shall be deemed to have been received at the time transmission was duly completed

15.2 Each of the Vendors hereby irrevocably appoints the Vendors solicitors (or the firm which shall for the time being carry on its practice) to accept service of notices or proceedings hereunder

**16. Waiver**

NO failure to exercise nor any delay in exercising any right or remedy hereunder by either party shall operate as a waiver thereof nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy In the event that any matter falls within the scope of more than one of the provisions of this Agreement nothing shall prevent the Purchaser from enforcing against the Vendors the more (or most) stringent requirement

**17. Severability**

IF at any time any one or more of the provisions hereof is or becomes invalid illegal or unenforceable in any respect under law the validity legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby

**18. Interest**

In the event that either party fails to pay any sum due under this Agreement then in



addition to such sum the defaulting party shall be liable to pay interest on the balance outstanding from time to time (before as well as after judgment) from the date payment became due until actual payment at the rate of 4 per cent per annum above the base rate of National Westminster Bank Plc for the time being prevailing.

**19. Entire Agreement**

- 19.1 It is acknowledged and agreed that this Agreement (which shall include the Schedules the Annexures the documents and instruments referred to herein) shall supersede all prior representations arrangements understandings and agreements between the parties relating to the subject matter hereof and shall constitute the entire complete and exclusive agreement and understanding between the parties hereto.
- 19.2 The parties irrevocably and unconditionally waive any right they may have to claim damages for any misrepresentation arrangement understanding or agreement not contained in this Agreement or for any breach of any representation or warranty not contained in this Agreement (unless such misrepresentation or representation or warranty was made fraudulently).
- 19.3 It is further acknowledged and agreed that no representations arrangements understandings or agreements (whether written or oral) made by or on behalf of any of the other parties have been relied upon other than those expressly set out or referred to in this Agreement.
- 19.4 No alteration amendment or variation of this Agreement shall be of any force or effect unless it is in writing and signed by (or by some person duly authorised by) each of the parties

IN WITNESS whereof this Agreement has been executed the date first above written

## (Details of the Registered Holders of the Shares)

Name and Address of Vendors	No. of £1 Ordinary Shares Held in SNS	Details of Shareholders in Midland	Consideration in Ordinary Shares	Consideration in Preference Shares
Freda Gray 15 Vale Close Lower Bourne Farnham GU10 3HR	10	8 "B"		
Christopher Robert Gray 15 Vale Close Lower Bourne Farnham GU10 3HR	23	17 "A" 26 "B"	36,250	100,000
Melvin Stanley Clare 333 Gosport Road Fareham PO16 0S2	16			
David Stockley 32 Oak Vale West End Southampton Hants SO3 3SE	23	17 "A" 34 "B"	36,250	100,000
Ruth Stockley 32 Oak Vale West End Southampton Hants SO3 3SE	10			

SCHEDULE 2 before referred to

Details of SNS

- a) Name; Starplan Network Services Limited
- b) Registered in England with limited liability under the Companies Act 1985;
- c) Date of Incorporation:- 9th November 1989
- d) Registered Number:- 2441764
- e) Authorised Share Capital:- £100
- f) Issued Share Capital:- 90 Ordinary Shares of £1 each
- g) Registered Office:- Elizabeth House Greywell Road Up Nateley Nr Basingstoke  
Hampshire RG27 9PR
- h) Accounting Reference Date:- 31st December
- i) Auditors; Martin Fahy & Co
- j) Directors; C R Gray and D Stockley
- k) Secretary; D Stockley
- l) Date of Last Accounts: 31st December 1994

Details of Midland

- a) Name: Starplan Network Services (Midlands) Limited
- b) Registered in England with limited liability under the Companies Act 1985
- c) Date of Incorporation: 11th February 1993
- d) Registered Number: 2788895
- e) Authorised Share Capital: £10,000
- f) Issued Share Capital: 34 A Shares and 68 B Shares
- g) Registered Office: Elizabeth House Greywell Road Up Nateley Nr Basingstoke  
Hampshire RG27 9PR
- h) Accounting Reference Date: 30th June
- i) Auditors: Martin Fahy & Co.
- j) Directors: C R Gray and D Stockley
- k) Secretary: D Stockley
- l) Date of Last Accounts: 30th June 1994

SCHEDULE 3 before referred to

Introduction:

WARRANTIES

Any reference to "the Company" shall be taken to be a reference to "the Companies"

**1. Corporate matters**

- 1.1 The information relating to the Company contained in Schedule 2 is true and complete in all respects.
- 1.2 the Sale Shares constitute the whole of the issued and allotted share capital of the Company.
- 1.3 The Company does not hold any interest in any shares issued by any company.
- 1.4 There are no agreements or arrangements in force, other than this agreement, which grant to any person the right to call for the issue, allotment or transfer of any shares or loan capital of the Company.
- 1.5 The register of members and other statutory books of the Company have been properly kept and contain an accurate and complete record of the matters with which they should deal; and no notice or allegation, that any of them is incorrect or should be rectified, has been received.
- 1.6 All returns, particulars, resolutions and documents required to be filed with the Registrar of Companies in respect of the Company have been duly filed and were correct in all material aspects.
- 1.7 The copies of the Memorandum and Articles of Association of the Company provided to the Purchaser are true and complete.
- 1.8 None of the Sale Shares have ever been transferred at an undervalue.
- 1.9 All of the Sale Shares were issued at par and are fully paid up.
- 1.10 All dividends declared by the Company have been paid in full.

## **2. Accounting matters**

- 2.1 The Accounts have been prepared in accordance with the historical cost convention; and the bases and policies of accounting, adopted for the purpose of preparing the Accounts are the same as those adopted in preparing all previously audited accounts of the Company except as stated in such Accounts
- 2.2 The Accounts :
- 2.2.1 give a true and fair view of the assets, liabilities (including contingent, unquantified or disputed liabilities) and commitments of the Company at the Last Accounting Date and its profits for the financial period ended on that date;
  - 2.2.2 contain all appropriate reserves for all bad debts slow moving stock depreciation and Taxation (in each case in accordance with good accounting principles).
  - 2.2.3 comply with the requirements of the Companies Acts and other relevant statutes;
  - 2.2.4 comply with good accounting principles and without limitation all current FRSs and SSAPs applicable to a United Kingdom company;
  - 2.2.5 are not affected by any extraordinary, exceptional or non-recurring item;
  - 2.2.6 properly reflect the financial position of the Company as at the Last Accounting Date
- 2.3 The Management Accounts show a consistent and fair view of the assets liabilities and performance of the Company as at the Management Accounts Date and of the results of the Company in respect of the period of 18 months ended on that date and were not affected by any material or unusual or non-recurring item not referred to in the notes thereto
- 2.4 All the accounts, books, ledgers, financial and other similar records of the Company are in its possession and (in relation to such of those documents as were prepared in the period

of two years ending on Completion) give a true and fair view of its financial position during such period.

**3. Financial matters**

3.1 The Company had no capital commitments outstanding at the Last Accounting Date

3.2 Since the last Accounting Date the Company:-

3.2.1 has not paid or declared any dividend or made any other payment which is, or is treated as, a distribution for the purposes of ICTA Part IV Chapter II;

3.2.2 has not repaid, or become liable to repay, any indebtedness in advance of its stated maturity;

3.2.3 has paid its creditors in accordance with their respective credit terms; and there are no amounts owing by the Company which have been due for more than sixty days;

3.2.4 has carried on its business in the ordinary course

3.2.5 has not incurred or agreed to incur any capital expenditure or commitments or disposed of any capital assets or borrowed or raised any money;

3.2.6 has not made or agree to make any change in the basis of the emoluments or other terms of employment of any of the directors employees of the Company; and

3.2.7 has not done anything and no event has occurred (including the sale of the Sale Shares) which would entitle any third party to terminate any contract or call in any money before the normal due date therefor

3.3 There are no liabilities (including contingent liabilities) which are outstanding on the part of the Company other than those liabilities in the Accounts or incurred, in the ordinary and proper course of trade, since the Last Accounting Date.

3.4 Having regard to existing facilities, full details of which are set out in the Disclosure Letter, the Company has sufficient working capital for the purposes of continuing to carry

on its business, in its present form and at its present level of turnover, for a period of twelve months after the date of this Agreement.

- 3.5 None of the facilities available to the Company is dependent on the guarantee or indemnity of, or any security provided by, any of the Vendors or any third party.
- 3.6 The amounts now due from debtors will be recoverable in full in the ordinary course of business (for the avoidance of doubt contractual retentions are due to be recovered on the date specified in the relevant contract) and (with the exception of contractual retentions) in any event not later than seventy days from the date of this Agreement.
- 3.7 No part of the amounts included in the Accounts as owing by any debtors remains unpaid or has been released on terms that any debtor pays less than the full book value of his debt.
- 3.8 No guarantee, or agreement for indemnity or for suretyship, given by, or for the accommodation of, the Company is outstanding.
- 3.9 The Company's business profitability and prospects have not been materially or adversely affected by the loss of any important customer or source of supply or by any abnormal factor and so far as the Vendors are aware there are no facts (including without limitation the sale of the Sale Shares) which are likely to give rise to any such effect.
- 3.10 As at the last Accounting Date the Company had no liabilities of more than £1,000 (known, actual or contingent) which were not fully disclosed, noted or provided for in the Accounts (as the case may be).
- 3.11 The profits of the Company for year ended on the Last Accounting Date (as shown by the Accounts) and for the 18 month period ended on the Management Accounts Date (as shown by the Management Accounts) and the trend in profits thereby shown have not been affected to a material extent by unusual income outside the ordinary scope of the Business

by transactions entered into otherwise than on normal commercial terms or by any change in the nature or volume of the turnover of the business or any factors rendering such profits for all or any of such periods exceptionally high or low.

3.12 To the best of the knowledge information and belief of the Vendors the Company will both in its current financial year and in the twelve month period following Completion achieve a level of turnover comparable to or exceeding that achieved in the last 12 month period.

3.13 The Company has no outstanding monies borrowed from its bank or any other person and has not factored or discounted its debt or agreed to do so and the Company has not lent any money (other than debts accrued to it in the ordinary course of its business.)

3.14 The statement certified by the Company's bankers of the Company's bank account and of the credit or debit balances thereon as at the date and the Company has no other bank or deposit accounts not included in such statement and since the date of such statement the reconciliation statement supplied to the Purchaser shows all payments subsequently made into or out of such Accounts.

3.15 The Company has not created or agreed to create any mortgage charge or debenture or given or entered into or agreed to give or enter into any guarantee, suretyship, indemnity or similar commitment or agreement.

3.16 The Company has not carried on any activity constituting "investment business" as defined by Section 1 of the Financial Services Act 1986 or done anything contrary to Section 47 of the said Act or issued any advertisement contravening Section 57 of the said Act or otherwise committed any breach of the Financial Services Act.

#### **4. Taxation matters**



- 4.1 The Accounts make full provision or reserve for all Taxation (including deferred Taxation) which is liable to be or could be assessed on the Company, or for which it may be accountable, in respect of the period ended on the Last Accounting Date. All Taxation for which the Company is liable (prior to Completion) will in so far as such Taxation is to be paid prior to Completion have been paid at Completion.
- 4.2 All returns, computations and payments which should be, or should have been, made by the Company for any Taxation purpose have been made within the requisite periods and are up-to-date, correct and on a proper basis and none of them is, or is likely to be, the subject of any dispute with the Inland Revenue or other Taxation authorities.
- 4.3 The Company has duly deducted and accounted to the Inland Revenue for all amounts which it has been obliged to deduct in respect of Taxation and without limitation has properly operated the PAYE and NI systems, by deducting Taxation, as required by law, from all payments made, or treated as made, and for all Taxation chargeable on benefits provided for :-
- 4.3.1 its directors or employees or former employees; or
- 4.3.2 any contractors or other persons employed in relation to the Company's business.
- 4.4. The Company is not, nor will become, liable to pay, or make reimbursement or indemnity in respect of, any Taxation (or amounts corresponding thereto) in consequence of the failure by any other person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) on or prior to the date of this Agreement.

- 4.5 The Company has not, since the Last Accounting Date, incurred nor is, nor has become, liable to incur after that date expenditure which will not be wholly deductible in computing its taxable profits.
- 4.6 The Company is not, nor was at any time since incorporation, a close company as defined in ICTA s 414 (Close companies).
- 4.7 The Company has not, since the Last Accounting Date, made or agreed to make, a surrender of, or claim for, group relief under ICTA Pt X Ch IV (Group relief) or is liable to make or entitled to receive a payment for group relief.
- 4.8 The Company has not in the past six years carried out or been engaged in, any transaction or arrangement in respect of which there may be substituted for the consideration given or received by the Company a different consideration for Taxation purposes.
- 4.9 If each of the capital assets of the Company were disposed of for a consideration equal to the book value of that asset in, or adopted for the purpose of, the Accounts or the Management Accounts (as the case may be), no liability to corporation tax on chargeable gains or balancing charge under the Capital Allowances Act 1990 would arise.
- 4.10 The Company is duly registered and is a taxable person for the purposes of value added tax and has not applied for treatment as a member of a group.
- 4.11 The Company is and always has been resident in the United Kingdom for the purposes of the 1988 Act and never has been resident in any other country.
- 4.12 No change in the nature of the business of the Company has taken place and without limitation any change that would prejudice the carry forward of any past tax losses.
- 4.13 The Company has not been a party to any scheme or arrangement to which the TCGA Sections 135-138 or 139 or the 1988 Act Sections 703 to 709 or 766

- 4.14 The Company is not and has not been a party to a scheme of arrangement or schemes of arrangements entered into partly or wholly for the purpose of avoiding tax.
- 4.15 The Company has paid all stamp duty liable to be paid in relation to all documents entered into by the Company or otherwise payable by the Company. No relief or exemption has been obtained from stamp duty.
- 4.16 The Company has not made any claim and no claim has been made by any other company to roll over Taxation in relation to any asset owned by the Company nor has the Company acquired any such asset from a company within the same group as the Company.
- 4.17 The Company has not paid or agreed to pay any remuneration or compensation for loss of office or any other payment whether gratuitous or otherwise and has not provided any benefit to any present or past officer or employee of the Company not deductible from the profits of the Company for the purposes of Taxation.

**5. Trading matters**

- 5.1 Since the Last Accounting Date the business of the Company has been continued in the ordinary and normal course, and there has been no material deterioration in its turnover, or its financial or trading position or prospects.
- 5.2 The Company is not, nor has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association.
- 5.3 The Company is not engaged in any litigation or arbitration proceedings, as plaintiff or defendant; there are no proceedings pending or threatened, either by or against the Company; and in so far as the Vendors are aware there are no circumstances which are likely to give rise to any litigation or arbitration.

- 5.4 There is no dispute with any revenue or other official department in the United Kingdom or elsewhere, in relation to the affairs of the Company, and there are no facts which may give rise to any dispute.
- 5.5 There are no claims pending or threatened, or capable of arising, against the Company, by an employee or workman or contractor or other third party, in respect of any accident or injury.
- 5.6 So far as the Vendors are aware the Company has conducted and is conducting its business in all respects in accordance with all applicable laws and regulations, whether in the United Kingdom or elsewhere.
- 5.7 No power of attorney has been given by the Company.
- 5.8 There are no outstanding authorities (express or implied) by which any person may enter into any contract or commitment to do anything on behalf of the Company.
- 5.9 The Company is not restricted by contract from carrying on any activity in any part of the World.
- 5.10 The Company is not and there are no circumstances which have led the Vendors to believe the Company will (with a lapse of time) become in default in respect of any obligation or restriction in any contract entered into by the Company as a result of anything done or omitted to be done by the Company before Completion and the terms of all such contracts have been complied with by the Company in all material respects. For the avoidance of doubt a claim under the Guarantees shall not constitute such a breach
- 5.11 The Company has not assumed any contractual liability to its customers for products which it has supplied to such customers which are more onerous than the liability owed to the Company by the supplier of the product and the Company is not involved in manufacturing.

- 5.12 Except for a condition or warranty implied by law or contained in its standard terms of business or otherwise given in the usual course of business the Company is not subject to any liability or obligation to service, repair, maintain, take back or otherwise do or not do anything in respect of any goods or services that have been, or are hereafter delivered by it other than pursuant to the Guarantees.
- 5.13.1 the forecast total gross margin listed against each of the contracts in Annexure 2 and the proportion of work carried out in relation to such contracts is accurate;
- 5.13.2 when each of the contracts listed in Annexure 2 has been completed the total sums received by the Company under such contracts will exceed all costs and liabilities directly attributable to such contracts (including without limitation all sums payable to sub-contractors the cost of raw materials utilised by the Company in performance of such contracts and any sums which become payable to the Company's customers under such contracts (whether by way of claim for damages or otherwise) by the forecast total gross margin set out in Annexure 2
- 5.14 The replies as given on or before the date of this Agreement by or on behalf of the Vendors to any written enquiries raised by the Purchaser's solicitors were when given and are at Completion true and accurate.
- 5.15 The Company has all the necessary trading licences and consents for the proper carrying on of its business and so far as the Vendors are aware there are no factors that might in any way prejudice the continuance or renewal of any of those licences or consents
- 5.16 A full copy of all current contracts for the supply of goods and or services by the Company with a value of more than £10,000 (including all of the terms of those Agreements) are annexed to the Disclosure Letter

- 5.17 The Company is not a party to any agreement which cannot be readily fulfilled by the Company without expenditure exceeding £2,500 in aggregate using fixed assets presently owned by and current assets of the types presently held by the Company and in relation to such agreements:-
- 5.17.1 no trading contract is known to be unprofitable;
- 5.17.2 no one trading contract has a value or had a value as at the contract date in excess of £100,000; and
- 5.17.3 there are none which may result in any claim being made against the Company under or pursuant to any penalty provision;
- 5.18 The Company is not a party to, and its profits or financial position during the past three years have not been affected by, any contract or arrangement which is not of an entirely arm's length nature.
- 5.19 To the best of the Vendors knowledge information and belief ITT will continue to trade with the Company at the same level of sales and on the same terms including treating the Company as a value added reseller
- 5.20 So far as the Vendors are aware the Company is not and has not been party to or directly or indirectly concerned that any agreement or arrangement (whether or not legally binding) or in the pursuit of any course of conduct which is:-
- 5.20.1 registrable under or prohibited by or capable of giving rise to any investigation the Director General of Fair Trading or reference to the monopolies in merger commission (whether pursuant to the Treaty of Rome, the Fair Trading Act, the Resale Prices Act, the Restrictive Trade Practices Act, the Competition Act or otherwise) or

- 5.20.2 prohibited as incompatible with the European Community legislation and in particular Articles 85 and 86 of the Treaty of Rome or with any other anti-trust legislation.

**6. Property Warranties**

- 6.1 There is no option or agreement for sale mortgage (whether specific or floating) charge lien lease agreement or lease overriding interest condition restrictive covenant easement or other encumbrance in respect of the Property
- 6.2 Consent to Lease has been obtained from each and every mortgagee or chargee of the freehold interest in the Property
- 6.3 The Property is not subject to the payment of any regular outgoings (except business and water rates and the rents provided for in the Lease)
- 6.4 The Company has duly and punctually performed and observed all covenants conditions agreements statutory requirements planning consents bye-laws orders and regulations affecting the Property and no notice of any breach of any such matter has been received
- 6.5 The use of the Property is the permitted use for the purposes of the Town and Country Planning Act 1990 and the buildings on the Property have been constructed strictly in accordance with the Planning Permissions granted therefor
- 6.6 There are no compulsory purchase notices orders or resolutions affecting the Property and there are no outstanding notices complaints or requirements of material importance issued by the local county or other competent authority in respect of the Property and none is expected

- 6.7 The Property has at all times been held by the Company as an investment and not trading stock
- 6.8 The Company has exclusive possession and occupation of the whole of the Property free from any third party rights and overriding interests
- 6.9 The replies given up to and including the date of this Agreement by or on behalf of the Vendors to any written enquiries raised by the Purchasers solicitors regarding the Property were and are true and accurate

**7. Employment matters**

- 7.1 Full particulars of the identities, dates of commencement of employment, or appointment to office, and terms and conditions of employment of all the employees and officers of the Company and of any consultants of the Company, (including (in each case) without limitation all remuneration, pension contributions, profit sharing, commission or discretionary bonus arrangements), are fully and accurately set out in the Disclosure Letter and there are no arrears of remuneration due to any director or employee. And the Company has not made any outstanding loan to any of its employees or is in the practice of doing so.
- 7.2 Since the Last Accounting Date or (where employment or holding of office commenced after that date) since the commencing date of the employment or holding of office, no change has been made in the rate of remuneration, emoluments or pension benefits, of any officer, or employee of the Company.
- 7.3 There is no agreement between the Company and any employee or ex-employee with respect to his employment or his ceasing to be employed or his retirement.
- 7.4 No director or employer of the Company has given notice to terminate his contract of employment or has been given notice of dismissal.



- 7.5 Apart from the pension scheme referred to in the Disclosure Letter ("the Scheme"), the Company is not under any legal liability or obligation, or a party to any ex-gratia arrangement or promise, to pay pensions, gratuities, superannuation allowance or the like, or otherwise to provide "relevant benefits" within the meaning of ICTA s 612, to or for any of its past or present officers or employees or their dependants; and there are no retirement benefit, or pension or death benefit, or similar schemes or arrangements in relation to, or binding on, the Company or to which the Company contributes.
- 7.6 Full particulars of the Scheme are contained in, or annexed to the Disclosure Letter, including without limitation true copies of the trust deeds and latest actuarial report and full and accurate details of the assets, funding arrangements, current membership and any proposed amendment to the Scheme which has been announced or is being considered.
- 7.7 The assets, investments or policies held by the trustees of the Scheme are sufficient to satisfy the liabilities and obligations (both current and contingent) which the Scheme has to its members.
- 7.8 Contributions to the Scheme are not paid in arrear and all contributions and other amounts which have fallen due for payment have been paid and no fees, charges or expenses referable to the Scheme for which the Company is or may become liable (whether wholly or in part) have been incurred but not paid.
- 7.9 The Company has observed and performed those provisions of the Scheme which apply to it and has at all material times held or been named in a contracting-out certificate (within the meaning of the Social Security Pensions Act 1975) referable to the Scheme.
- 7.10 The Company has in relation to each of its employees (and so far as relevant to each of its former employees):

- 7.10.1 complied with all obligations imposed on it by all statutes and regulations and codes of conduct and practice relating to employment;
- 7.10.2 maintained adequate and proper records regarding its employees (including as to any disciplinary action taken);
- 7.10.3 not entered into any collective agreements as regards relations with or the conditions of service of its employees and there are no trade unions representing them; and
- 7.10.4 complied with its obligations with respect to statutory sick pay as defined in the Social Security and Housing Benefits Act 1982.
- 7.11 The Company has not given notice of any redundancy to any ex-employees or employees of the Company or has been a party to any relevant transfers as defined in the Transfer Undertakings (Protection of Employment) Regulations 1981.
- 7.12 The Company has not received notice of an attachment to earnings order against of the employees of the Company.

## **8. Asset matters**

- 8.1 The Company owned at the Last Accounting Date and at the Management Accounts Date (as the case may be), and had good and marketable title to, all the assets included in the Accounts and at the Management Accounts Date (as the case may be), and (except for current assets subsequently sold or realised in the ordinary course of business) still owns and has good and marketable title to them and to all assets acquired since the Last Accounting Date or the Management Account Date (as the case may be). This warranty will not apply to the Property or to any items of stock which are subject to retention of title.

- 8.2 No contracts are outstanding under which the stock of raw materials spares and demonstration stock supplied to the Company will be excessive or inappropriate in relation to the current trading requirements of the businesses of the Company.
- 8.3 The work in progress shown in the Accounts have been valued on a basis excluding profit and including adequate provision for losses which are or could be anticipated on uncompleted contracts and on completed contracts in respect of which the maintenance period is unexpired and the basis of valuation for work in progress has remained substantially the same at the commencement and end of each of the accounting periods of the Company since its incorporation.
- 8.4 The plant, machinery, equipment, vehicles and other equipment used in connection with the business of the Company:
- 8.4.1 are in a good and safe state of repair and condition and satisfactory working order and have been regularly and properly maintained;
- 8.4.2 are its absolute property, save for those items the subject of the hire purchase, leasing or rental agreements listed in the Disclosure Letter and are in its control;
- 8.4.3 are in aggregate not expected to require replacements at a cost in excess of £5,000 or (current market conditions prevailing) additions at a cost in excess of £2,500 within the next six months excluding motor vehicles
- 8.5 The debts owing to the Company as referred to in the Accounts (subject to any provisions of bad and doubtful debts therein made) have been paid in full. There are no debts (other than contractual retentions due for payment after completion) due to the Company which have remained outstanding for more than 60 days. Since the Accounts Date no debts due to the Company have been released.

8.6 The assets owned by the Company comprise all the assets necessary for the continuation of its businesses as carried on at the date of this Agreement with the exception of the Property and the Company has no contracts for the purchase of current or fixed assets at prices in excess of the market prices.

## **9. Intellectual Property**

9.1 Details of all Intellectual Property registered or for which application for registration has been made in the name of the Company, and of all material unregistered Intellectual Property (including rights in software) owned by the Company, are set out in Schedule 7. All such rights are beneficially owned by the Company, and in respect of the registered rights, all renewal fees have been paid, and all steps necessary for the prosecution of applications have been taken.

9.2 Details of all licences (whether written or oral, formal or informal, and including licences of software and/or know-how and confidentiality agreements) granted by or to any third party in respect of the Intellectual Property are set out in Schedule [ ]. The Company has not received notice of any breach of the terms of any such licence.

9.3 The Intellectual Property listed in Schedule 7 constitutes all such rights required for the conduct of the Business of the Company after as well as before the Completion Date.

9.4 The Vendors are not aware of:

9.4.1 any actual or suspected infringement by any third party of any Intellectual Property owned or used by the Company;

9.4.2 any claim that the activities of the Company and its employees in the conduct of the Business infringe the intellectual property rights of any third party, or any circumstances that might give rise to such a claim;

- 9.4.3 any breach of confidence (whether by the Company or by any third party) in relation to confidential information used in the Business;
- 9.4.4 any actual or potential challenges or disputes relating to the validity, subsistence or ownership of any Intellectual Property, or any opposition or claim for revocation or rectification of any of the registered Intellectual Property rights of the Company.

**10. General matters**

- 10.1 The facts and information given in the Recitals and the Schedules to this Agreement are true and accurate in all material respects, and are fairly presented
- 10.2 The facts and information given in the Disclosure Letter are true and accurate in all material respect and are fairly presented
- 10.3 There is no outstanding debt or other liability (actual or contingent) owing by the Company to the Vendors or any person connected with any of them, nor is there any debt owing to the Company by either of the Vendors and no promise or representation has been made to the Vendors in connection with the Warranties or the Disclosure Letter (or with this Agreement) in respect of which the Company (or any of its officers or employees) might be liable (save in relation to Mr. Clare's expenses). Details of any contracts or arrangement entered into between the Company and the Vendors in the last three financial years of the Company ending on the Management Accounts Date are set out in the Disclosure Letter.
- 10.4 No Receiver has at any time been appointed in respect of the Company or any of its asset or any administrative order been made or resolution or order been made to wind up the Company. There is no unsatisfied judgement outstanding against the Company or written demand received under Section 123 of the Insolvency Act 1986. No distress or execution

has been levied on any assets of the Company and the Company has not entered into any voluntary arrangement.

- 10.5 All the stock-in-trade of the Company, and those of its other assets and undertakings which are of an insurable nature, are, and have at all material times been adequately insured against fire and other risks normally insured against by persons carrying on the same business as that carried on by it.
- 10.6 The Company is now and has at all material times been adequately covered against accident, damage, injury public and third party liabilities and other risks normally insured against by persons carrying on the same business as that carried on by the Company.
- 10.7 No claim is outstanding, or may be made, under any of the Company's insurance policies and to the best of the Vendors' knowledge and belief no circumstances exist which are likely to give rise to a claim.
- 10.8 All insurance policies of the Company are currently in full force and effect, and nothing has been done or omitted to be done which could make any policy of insurance void or voidable, or which is likely to result in an increase in premium.

## **11. Environmental Matters**

### **11.1 Consents**

The Company holds (in its name) all authorisations, permissions, consents, licences and agreements necessary to enable it to make all relevant abstractions of water; to keep, store or hold all relevant substances whether as raw materials, products or wastes; to carry on all relevant processes; to construct and maintain all relevant buildings, plant and equipment; and to hold, treat, manage, consign and dispose of all waste materials, substances, gases and effluents in the relevant manner and:-

- 11.1.1 All such authorisations, permissions, consents, licences and agreements have been lawfully obtained and are in full force and effect.
- 11.1.2 No further authorisations, permissions, consents, licences and agreements are necessary to enable the Company to carry on its business as now conducted or as conducted in the period covered by the Management Accounts.
- 11.1.3 Without prejudice to paragraphs 11.1, 11.1.1 and 11.1.2 details of all authorisations, permissions, consents, licences and agreements of the types referred to in paragraph 11.1 are set out in the Disclosure Letter (including details of the renewal dates).
- 11.1.4 The Company has complied at all times with all conditions attaching to the authorisations, permissions, consents, licences and agreements referred to in paragraph 11.1 (whether such conditions are imposed expressly or are implied by law) and there are no circumstances which would render it impracticable for the Company to comply with those conditions in the future.
- 11.1.5 The Company has not received any notice, correspondence or communication in any other form in respect of any of the authorisations, permissions, consents, licences or agreements referred above revoking, suspending, modifying or varying any of them and there are no circumstances which might give rise to such notice being received or of any intention on the part of any relevant authority to give any such notice.
- 11.1.6 The Warrantors will use their best endeavours to ensure that all relevant authorisations, permissions, consents, licences or agreements are (where necessary) transferred to the Purchaser or, as the case may be, renewed. In particular, but without limitation, the Vendors shall assist the Purchaser in making application to or providing information to any relevant authority for the purpose of such transfer or renewal.

## 11.2 Compliance with Environmental Protection Laws

11.2.1 Neither the Company nor any of its officers, agents or employees have committed, whether by act or omission, any breach of legal requirements for the protection of the environment or of human health or amenity, and in so far as the Vendors are aware they have conformed at all times with all relevant codes of practice, guidance notes, standards and other advisory material issued by any competent authority.

11.2.2 The Company has not received any notice order or other communication from any public authority having power to deal with the protection of the environment or of human health or amenity in respect of the Company's business, failure to comply with which would constitute breach of any legal requirements (or compliance with which could be secured by further proceedings) and there are no circumstances which might give rise to such notice, order or other communication being received or of any intention on the part of such authority to give such notice.

## 11.3 Civil Liability

11.3.1 There has been no intimation of a claim against the Company arising from any activities or operations of the Company or the state or condition of any properties now or formerly owned or occupied by the Company or facilities now or formerly used by the Company and in particular (but without limitation) any such liability in respect of: injury to persons (including impairment of health or interference with amenity); damage to land or personal property; interference with riparian or other proprietary or possessory rights; public or private nuisance; liability for waste or other substances; and damage to or impairment of the environment including living organisms.



- 11.3.2 The Company is not engaged in any litigation, arbitration or dispute resolution proceedings relating to any actual or potential liability in respect of any matter covered by paragraph 11.3.1 and neither the Company nor are the Vendors aware of any such litigation or proceedings pending or being threatened nor of any circumstances or facts likely to give rise to such litigation arbitration or proceedings.
- 11.3.3 The Company is not subject to any injunction or similar remedy or order by a court of competent jurisdiction, or to any undertaking given to such court, in respect of matters referred to in this paragraph 11.3.
- 11.3.4 No notification has been (or in accordance with terms of the relevant policies of insurance should have been) made to the Company's insurers of any matters specified in this paragraph 11.3.

11.4 Condition of Sites and Other Land

- 11.4.1 In so far as the Vendors are aware all sites owned or occupied by the Company are free from any contamination which could give rise (whether on the relevant site or on other land) to: harm to human health or safety; damage to property; pollution of surface or ground water or soil and all sites formerly owned or occupied by the Company were free of such contamination at the time when they ceased to be owned or occupied by the Company.
- 11.4.2 In so far as the Vendors are aware there are no circumstances which require expenditure (whether by the Company or by any other person or authority) on cleaning up or decontaminating any sites now or formerly owned or occupied by the Company in order to prevent, reduce or mitigate any of the risks referred to in paragraph 11.4.1 of this warranty (including investigatory, monitoring, precautionary or remedial engineering measures).

- 11.4.3 No notice or other communication has been received from any relevant authority relating to the physical condition of any site now or formerly owned or occupied by the Company nor is there any circumstances likely to give rise to the service of any such notice or communication.
- 11.4.4 No notice or other communication has been received from any relevant authority of any proposal for the inclusion of land now or formerly owned or occupied by the Company within any register of contaminated or potentially contaminated sites and there is no intention on the part of any relevant authority to give any such notice or communication nor of any investigations by any competent authority which might give rise to such an intention.
- 11.4.5 In so far as the Vendors are aware no site now or formerly owned or occupied by the Company has been used for the deposit of waste controlled by any legislation during the ownership or occupation of the Company and neither the Vendors nor the Company is aware of any such use prior to its ownership or occupation.
- 11.5 Internal Policy Assessments and Plans
- 11.5.1 Details of all the Company's statements of corporate environmental policy and operating procedures are set out in the Disclosure Letter.
- 11.5.2 The Company has complied with all its statements of corporate environmental policy and operating procedures.

SCHEDULE 4 before referred to

THE DEED OF INDEMNITY

[to be inserted]

DATED \_\_\_\_\_ 1995

CHRISTOPHER ROBERT GRAY AND OTHERS

and

STARPLAN NETWORK SERVICES (MIDLANDS) LIMITED

and

PITCOMP 118 LIMITED

DEED OF INDEMNITY

relating to

Starplan Network Services (Midlands) Limited

THIS DEED OF INDEMNITY is made

1995

BETWEEN:

- (1) THE PERSONS whose names and addresses are set out in the Schedule to this Deed ("the Covenantors")
- (2) STARPLAN NETWORK SERVICES (MIDLANDS) LIMITED registered in England and Wales with registered no 2788895 whose registered office is at Elizabeth House Greywell Road Up Nately Basingstoke RG27 9PR ("the Company")
- (3) PITCOMP 118 LIMITED registered in England and Wales with registered no 3015466 whose registered office is at 47 Castle Street Reading RG1 7SR ("the Purchaser")

#### RECITALS

This Deed is entered into pursuant to an agreement of even date made between the Covenantors (1) and the Purchaser (2) relating to the sale of shares of the Company ("the Sale Agreement")

NOW IT IS HEREBY AGREED AS FOLLOWS:

#### 1. Definitions

- 1.1 Words and expressions defined in the Sale Agreement shall except where otherwise provided or expressly defined herein have the same meaning in this Deed
- 1.2 IN this Deed the following words and expressions shall have the meanings given to them below:-
  - 1.2.1 "Taxation Claim" means any claim for Taxation made against the Company after Completion (including without limitation any assessment demand notice or other communications from or action taken by any person authority or body responsible for the assessment collection or recovery of Taxation in any country which requires payment of any Taxation by the Company) which arises from or by reference to any income profits or gains earned accrued or received (or deemed to be earned accrued or received) on or before (or in respect of a period event occurrence or omission on or before) Completion.

- 1.2.2 "Relief" includes any relief allowance exemption set-off or deduction in computing or against profits income or gains of any description or from any source or credit against Taxation.

## **2. Indemnity**

- 2.1 SUBJECT as hereinafter provided the Covenantors hereby jointly and severally covenant with the Company and the Purchaser that they and each of them will indemnify and at all times hold the Company and the Purchaser fully and effectively indemnified against any Taxation Claim which the Company is liable to pay and without limitation :-

- 2.1.1 any Taxation due in respect of the Company entering into the agreement to sell of even date herewith in relation to the Premises and or the Lease (whether under section 780 of the 1988 Act or otherwise).

- 2.1.2 any amount agreed in settlement of any Taxation Claim ; and

- 2.1.3 the costs and expenses incurred by the Company and or the Purchaser (as the case may be) in relation to any demands actions proceedings or claims in respect of a Taxation Claim

- 2.2 In respect of any payment due from the Covenantors under clause 2.1 the Company or the Purchaser (as the case may be) may if it is satisfied that it will be or has been subject to a liability to Taxation calculate and demand in writing from the Covenantors from time to time and the Covenantors shall pay such amount as will ensure that the net receipt to the Company or the Purchaser (as the case may be) after Taxation in respect of the payment is the same as it would have been had the payment not been subject to Taxation in the hands of the Company or the Purchaser (as the case may be).

## **3. Limitations on Liability**

The Covenantors shall not be liable under clause 2 in respect of any Taxation Claim to the extent that:-

- 3.1 specific provision or reserve in respect of it has been made in the Accounts or the liability was specifically referred to and quantified in the notes thereto; or
- 3.2 it arises as a result of a retrospective change in the law or its interpretation or the withdrawal of any extra statutory concession or practice made after the date of this Deed or to the extent that the liability arises as a result only of the appropriate provision or reserve in the Accounts being insufficient by reason of any increase in the rates of Taxation made after the date of this Deed; or
- 3.3 such liability arises wholly or primarily as a result of transactions in the ordinary course of the Business since the Accounts Date

#### **4. Conduct of Claims**

- 4.1 THE Company shall notify the Covenantors in writing of any Taxation Claim which comes to its notice whereby it appears that the Covenantors are or may become liable to indemnify the Company and/or the Purchaser under this Deed.
- 4.2 In connection with the conduct of any dispute relating to a Taxation Claim the Company shall keep the Covenantors fully informed of all relevant matters and on request provide the Covenantors with copies of all correspondence and other written communication relating to the claim for Taxation and shall at the expense of the Covenantors take or procure the Company to take such action to contest compromise or settle any Taxation Claim as the Covenantors may reasonably require;
- 4.3 The Company shall if requested to do so by the Covenantors consult with the solicitors and other professional advisers instructed by the Covenantors in relation to the Taxation Claim;
- 4.4 The Company shall not make any settlement or compromise of any dispute relating to a Taxation Claim nor agree to pay any sum in respect thereof without having previously consulted with the Covenantors and without having complied with clause 4.2 above.
- 4.5 The Company shall not be subject to any claim by or liability to any of the Covenantors

4.5.1 on the ground that it has not complied with the foregoing provisions (if it has bona fide acted in accordance with the instructions or approval of any one or more of the Covenantors); or

4.5.2 in relation to any sum payable by the Covenantors under this Deed.

## **5. Dates for Quantum of Payments**

5.1 The Covenantors shall make payments so that the Purchaser and/or the Company are in receipt of cleared funds not later than the date 30 days after the demand is made by the Purchaser and/or the Company (as the case may be) to the Covenantors and in any event seven days before the date on which the Company and/or the Purchaser (as the case may be) is liable to discharge or is deemed to discharge a claim in respect of which the Purchaser and/or the Company is entitled to be indemnified under this Deed.

5.2 For the purposes of clause 5.1 the Company or the Purchaser (as the case may be) shall be deemed to discharge a Taxation Claim on the date on which and to the extent to which

5.2.1 the Company and/or the Purchaser pays any amount of Taxation in respect to a Taxation Claim; or

5.2.2 would have had to do so had the Company and/or the Purchaser not utilised a Relief.

5.3 Upon final determination of any Taxation Claim the Covenantors shall within 14 days pay to the Purchaser such amount or further amount in addition to any sums already paid under this Deed as is required to cover the full liability of the Covenantors under this Deed;

5.4 Any dispute in relation to the provisions of clause 5.3 may be referred by the parties to the auditors for the time being of the Company acting as experts and not as arbitrators whose certificate shall be final and binding upon the parties in the absence of manifest error and whose costs shall be in their award.

## **6. Mitigation**

The Covenantors shall be liable under the indemnity in clause 2.1 notwithstanding any



Reliefs rights of repayment or other rights or claims of a similar nature which may be available to any person entitled to the benefit of the indemnity to set against or otherwise mitigate any liability to Taxation so that the indemnity in clause 2.1 shall take effect as though no such Reliefs rights of repayment or other rights or claims were available.

**7. Recovery**

**7.1 If :-**

- 7.1.1 the Company or the Purchaser is entitled to recover from another person a sum in respect of a matter to which clause 2 relates;
- 7.1.2 the Covenantors have first paid to the Purchaser and the Company a sum equal to all reasonable costs which the Purchaser or the Company may incur in connection with the taking of the following action; and
- 7.1.3 the Vendors have paid the sum or sums due under clause 2;

then at the Covenantors' request the Purchaser shall and shall ensure that the Company will take any action reasonably requested by the Covenantors to enforce recovery against the other person

**7.2 The Purchaser shall account to the Covenantors for the lesser of :-**

- 7.2.1 the sum recovered (including any interest paid by the other person) net of any Taxation on the sum and that interest; and
- 7.2.2 the amount paid by the Covenantors under clause 2 in respect of that matter

**7.3 The Purchaser shall make a repayment to the Covenantors to the extent that and within 28 days of the date on which the Company receives :-**

- 7.3.1 a repayment of any amount paid by the Company prior to Completion in settling any liability to Taxation; or
- 7.3.2 the provision for any liability to Taxation (as specified in the Completion Accounts) proves to be greater than the actual amount of Taxation payable by the Company in

respect of such Taxation

provided always that the Purchaser's liability under this clause shall not be greater than £5,000

**8. Reduction in price**

Any payment made by the Covenantors to the Purchaser under this Deed shall be treated as an reduction of the Consideration.

**9. General**

The provisions of clauses 14 (law) 15 (notices), 16 (waivers) 17 (severability) 18 (interest) of the Agreement shall apply to this deed mutatis mutandis as if set out herein

IN witness whereof this Deed has been first above written

<u>Name</u>	<u>Address</u>
Christopher Robert Gray	15 Vale Close Lower Bourne Farnham Surrey GU10 3HR
Mrs Freda Gray	15 Vale Close Lower Bourne Farnham Surrey GU10 3HR
David Stockley	32 Oak Vale West End Southampton Hants S030 3SE
Mrs Ruth Stockley	32 Oak Vale West End Southampton Hants S030 3SE

EXECUTED AS A DEED AND  
DELIVERED by the said  
CHRISTOPHER ROBERT GRAY  
in the presence of:-

)  
)  
)  
)

Witness:

Name:

Address:

Occupation:

EXECUTED AS A DEED AND  
DELIVERED by the said  
MRS FREDA GRAY  
in the presence of:-

)  
)  
)  
)

Witness:

Name:

Address:

Occupation:

EXECUTED AS A DEED AND  
DELIVERED by the said  
DAVID STOCKLEY  
in the presence of:-

)  
)  
)  
)

Witness:

Name:

Address:

Occupation:

EXECUTED AS A DEED AND )  
DELIVERED by the said )  
MRS RUTH STOCKLEY )  
in the presence of:- )

Witness:

Name:

Address:

Occupation:

EXECUTED (but not delivered )  
until the date hereof) as a DEED )  
by PITCOMP 118 LIMITED )  
acting by )

Director

Director/Secretary

EXECUTED (but not delivered )  
until the date hereof) as a DEED )  
by STARPLAN NETWORK SERVICES (MIDLANDS) LIMITED )  
acting by )

Director

Director/Secretary

SCHEDULE 5 before referred to  
THE MANAGEMENT ACCOUNTS

[to be inserted]

Printed: 17:25 03-07-95

	This Month	Year to Date	
Sales			
-----			
SALES -DS	80182.37	641624.51	
SALES -BG	155663.35	437580.11	
SALES -MC	1425.50	40674.30	
MIDLAND SALES	9356.88	36723.93	
INTEREST RECEIVED		702.48	
	246628.10		1157305.33
Purchases			
-----			
PURCHASES	168846.54	697471.70	
	168846.54		697471.70
Direct Expenses			
-----			
INSTALLATION ENGINEERS	40296.49	194454.45	
COMMISSIONS	990.00	990.00	
MISCELLANEOUS EXPENSES		55.83	
	41286.49		195500.28
	-----		-----
Gross Profit	36495.07	Gross Profit	264333.35
Overheads			
-----			
DIRECTORS SALARIES	7066.35	84940.93	
STAFF SALARIES	3837.75	14523.86	
SOCIAL SECURITY/PENSION	7025.85	27567.09	
RENT & RATES	470.00	2047.09	
HEAT & LIGHT	( 20.00)	766.95	
TRAVELLING, SUBSISTANCE & ENT.	2461.51	7663.09	
POSTAGE & TELEPHONE	2097.79	6106.69	
STATIONERY & BOOKS	141.14	2035.65	
LEGAL & PROFESSIONAL FEES		2420.00	
EQUIPMENT HIRE	143.89	349.23	
REPAIRS & RENEWALS	1642.10	2945.76	
BANK CHARGES	51.20	318.76	
SUBSCRIPTIONS & DONATIONS	404.28	1212.64	
TRAINING		600.00	
INSURANCE	65.29	6157.88	
BAD DEBT WRITE OFF		0.12	
REFRESHMENTS	20.98	291.98	
LICENCES	74.25	74.25	
Book keeping		177.75	
	25482.38		160199.72
	-----		-----
Nett Profit	11012.69	Nett Profit	104133.63
	=====		=====

Printed: 17:25 03-07-95

This Month

Year to Date

## Fixed Assets

PROPERTY		109600.00
PLANT AND MACHINERY	761.92	19127.51
OFFICE EQUIPMENT		19646.48
MOTOR VEHICLES		37621.00
	-----	-----
	761.92	185994.99

## Current Assets

STOCK / WIP.		50000.00
DEBTORS	119176.43	542808.70
BANK DEPOSIT		6511.64
BANK ACCOUNT	110245.46	79358.51
PETTY CASH		0.00
DEBENTURE		5265.00
	-----	-----
	229421.89	683943.85

## Current Liabilities

TRADE CREDITORS	209381.98	389035.25
TAXATION		7797.75
OTHER CREDITORS	( 950.00)	73130.87
VAT LIABILITY	10591.14	33581.12
DIRECTORS LOAN ACCOUNTS		43722.09
CORPORATION TAX		22156.94
	-----	-----
	219023.12	569424.02

## Nett Current Assets

10398.77	114519.83
----------	-----------

## Total Assets less Current Liabilities

11160.69	300514.82
----------	-----------

## Financed by

SHARE CAPITAL		90.00
RETAINED PROFIT B/FWD		196339.47
Profit / Loss Account	11012.69	104133.63
	-----	-----
	11012.69	300563.10
	=====	=====

SCHEDULE 6

THE PROPERTIES

Elizabeth House, Greywell Road, Up Netely, Basingstoke, Hampshire to the same is registered at  
HM Land Registry under title number HP 44 3517



SCHEDULE 7 before referred to

PART 1

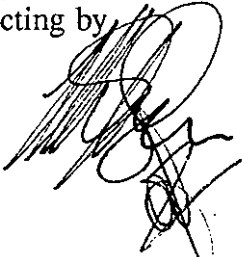
INTELLECTUAL PROPERTY RIGHTS

PART 2

INTELLECTUAL PROPERTY LICENCES

EXECUTED (but not delivered  
until the date hereof) as a DEED  
by PITCOMP 118 LIMITED  
acting by

)  
)  
)  
)



Director

Director/Secretary

SIGNED (but not delivered  
until the date hereof) as a DEED  
by the said FRED A GRAY in the  
presence of:-

)  
)  
)  
)

*Mac Gray*

WITNESS

*Alex Brooks*

NAME: *Alex Brooks*

ADDRESS: *3a Winchester Street  
Barnstoke Hampshire*

OCCUPATION: *solicitor.*

SIGNED (but not delivered  
until the date hereof) as a DEED  
by the said CHRISTOPHER ROBERT GRAY in the  
presence of:-

)  
)  
)  
)



WITNESS

NAME: *Alex Brooks*

ADDRESS: *as above.*

OCCUPATION:

SIGNED (but not delivered  
until the date hereof) as a DEED  
by the said MELVIN STANLEY CLARE in the  
presence of:-

)  
)  
) *Melvin Stanley Clare*

WITNESS

*Alec Brooks*

NAME: *Alec Brooks*

ADDRESS: *39 Winchester Street  
Basingstoke Hampshire*

OCCUPATION: *retired.*

SIGNED (but not delivered  
until the date hereof) as a DEED  
by the said DAVID STOCKLEY in the  
presence of:-

)  
)  
) *D Stockley*

WITNESS

*Alec Brooks*

NAME: *as above.*

ADDRESS:

OCCUPATION:

SIGNED (but not delivered  
until the date hereof) as a DEED  
by the said RUTH STOCKLEY in the  
presence of:-

)  
*R Stockley*

WITNESS

*Alec Brooks*

NAME: *as above.*

ADDRESS:

OCCUPATION: