



THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

**of
B&M BARGAINS (W&R) LIMITED
(Registered No. 1357507)
(passed on October 1996)**

At an EXTRAORDINARY GENERAL MEETING of the Company duly convened and held at *76 Cross Street, Manchester M2 4JU* on *14* October 1996 at *6.40 am* pm the following Resolutions were duly passed as a Special Resolutions of the Company:-

"THAT:

- 1 The Memorandum of Association of the Company be amended by:-
 - (a) deleting the existing objects (E) and (F) and inserting the following in their places and renumbering the existing objects accordingly:-
 - "(E) To borrow and raise money in any manner with or without security and, for the purposes of or in connection with the borrowing or raising of money by the Company, to become a member of any building society and to accept money on deposit and to secure or discharge any debt or obligation of or binding on the Company in such manner as may be thought fit by the Company or its Directors and, in particular, by the granting or creating or the permitting to subsist of any mortgages, charges (whether fixed or floating), security rights, liens or encumbrances upon the undertaking of the Company and all or any of its real and personal, moveable and immovable property, (present and future) or by granting or creating or the permitting to subsist of any mortgage, pledge or charge over all or any of the uncalled capital for the time being of the Company or by the creation and issue, at par or at a premium or discount and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, of bonds, debentures, debenture stock, perpetual, redeemable or repayable or otherwise or of other obligations or securities of the Company of any description."
 - "(F) To lend and advance money, to place money on current account or on deposit and to grant or provide credit and financial accommodation to any person, firm or company including, without limitation, any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with the Company, or any clients of

or other persons having dealings with the Company, (or to agents acting for or representing the Company) on such terms as may be thought fit and with or without security and to buy and sell foreign currency and to carry on the business of a banking, finance or insurance company."

"(G) To enter into any guarantees, contracts of indemnity or suretyships of all kinds and in particular, (without prejudice to the generality of the foregoing) whether with or without the Company receiving any consideration, to guarantee or to grant any indemnity in respect of, or to secure (with or without a personal covenant and with or without a mortgage, charge (whether fixed or floating), security right, lien or encumbrance upon all or any part of the undertaking and assets, present and future, and the uncalled capital of the Company), the performance of any obligation, contract or liability or loss or costs or expense or the payment of any debt or sum including the principal amount thereof or any dividend, debenture stock, bond, share or other security of any person, firm or company including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary or a holding company of the Company or otherwise associated with the Company in business."

(b) inserting as object (S) the following and by renumbering the existing object accordingly:

"(S) To the extent that the same is permitted by law, to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Companies Act 1985) for the purpose of or in connection with the purchase or subscription of or for shares in the Company or the Company's holding company for the time being (as defined by Section 736 of the Companies Act 1985) and to give such assistance by any means howsoever permitted by law."

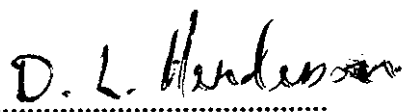
2 Noting, in relation to the proposed acquisition of the entire issued share capital of the Company by Firesource Limited, the Company's intention to enter into a term loan agreement (the "Facilities Agreement") and a working capital facility letter (the "Working Capital Facility Letter") (together the "Loan Agreements") with The Governor and Company of the Bank of Scotland (the "Bank"), pursuant to which the Bank would provide facilities of up to £7,500,000, being a medium term loan to Firesource Limited of £5,500,000 and working capital facilities to Firesource Limited and the Company of up to £2,000,000, that the giving of financial assistance for the purpose of this acquisition and taking the form described in the statutory declaration of even date herewith and made by all the Company's directors on form 155(6)(a) (copies of which together with the annexed auditors' report is available for inspection by the members at the meeting) be and is hereby approved and that subject to compliance with sections 155-158 of the Companies Act 1985, the execution by the Company of:

(a) a cross guarantee (the "Guarantee") pursuant to which each of Firesource Limited and the Company would guarantee, and become liable as primary obligors for, the performance by each other of their obligations to the Bank generally, including the payment of all sums due by Firesource Limited and/or the Company under or in connection with the Loan Agreements;

- (b) a fixed and floating charge debenture (the "Debenture") pursuant to which the Company would charge, mortgage and assign the whole of its property, undertaking and assets in favour of the Bank as security for all monies and liabilities for the time being owed and due in whatever manner to the Bank, whether as principal or surety;
- (c) a legal charge (the "Legal Charge") pursuant to which the Company, with full title guarantee, would charge in favour of the Bank certain freehold [and leasehold] properties;
- (d) the Facilities Agreement and the Working Capital Facility Letter as described above;
- (e) an assignment (the "Keyman Assignment") pursuant to which the Company would assign (with full title guarantee) to the Bank its interest in the keyman life insurance policies over the lives of David Henderson, Guy Nuttall and Stephen Greenaway;
- (f) an assignment of account by way of security (the "Account Charge") pursuant to which all the Company's right interest and title in its account held at Midland Bank plc and the amount from time to time standing at such account will be assigned to the Bank (with full title guarantee) as a continuing security for the discharge of the Security Obligations (as defined in the Account Charge); and
- (g) an intercreditor deed (the "Intercreditor Deed") with Firesource Limited, the Bank and the Vendors in order to regulate the priority payment arrangements between these parties,

be and are hereby approved

- 3 The execution of the above documents is for the commercial benefit and in the best interests of the Company and the approval of the Company to enter into such documents is given notwithstanding that the Company is or might be held to be giving financial assistance for the purposes of sections 151 and 152 of the Companies Act 1985 provided that all and any such financial assistance is only given pursuant to and in compliance with the provisions of sections 155-158 of the Companies Act 1985.
- 4 The Directors provide for the execution on behalf of the Company of the Loan Agreements, the Keyman Assignment, the Account Charge, the Intercreditor Deed, Guarantee, the Debenture and the Legal Charge in the forms of the drafts produced to the meeting initialled by the Chairman for the purposes of identification with such amendments as persons authorised to execute the same may approve.
- 5 This resolution shall have effect notwithstanding any provision of the Company's Articles of Association."


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Director

ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO. SC

The Board of Directors
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Our ref : PJJ/STC/amh

Auditor's report to the directors of B&M Bargains (W&R) Limited pursuant to section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 14 October 1996 in connection with the proposal that the company should give financial assistance for the purchase of 905,000 of the company's A ordinary shares, 95,000 of the company's B ordinary shares and 1,810,000 of the company's C ordinary shares.

Respective responsibilities of directors and auditors

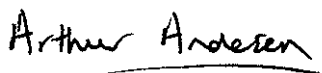
The company's directors are responsible for the statutory declaration. It is our responsibility to review the bases for the declaration, based on enquiries into the state of the company's affairs, and to provide a report to the directors.

Basis of opinion

We have enquired into the state of the company's affairs so far as necessary for us to review the bases for the statutory declaration.

Opinion

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



Arthur Andersen
Chartered Accountants

Date: 14 October 1996